PROSPECTUS
July 18, 2020
Please read Section 32 of the Companies Act, 2013
100% Book Built Offer

YES BANK LIMITED

Our Bank was incorporated on November 21, 2003, in Mumbai, under the Companies Act, 1956 and a certificate of incorporation was granted to our Bank by the Registrar of Companies, Maharashtra at Mumbai. A certificate of commencement of business dated January 21, 2004 was issued to our Bank by the Registrar of Companies, Maharashtra at Mumbai. Our Bank is a scheduled commercial bank within the meaning of the RBI Act, and received a license to commence banking operations in India from the RBI on May 24, 2004. Further, the RBI by its letter dated September 2, 2004, included our Bank in the second schedule of the RBI Act with effect from August 21, 2004 and a corresponding notification was published in the Official Gazette of India (Part III – Section 4) on August 16, 2004. For details of change in the registered office of our Bank, see "*History and Certain Corporate* Matters" on page 233.

Registered and Corporate Office: YES BANK Tower, IFC -2, 15th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai 400 013, Maharashtra, India **Tel**: +91 (22) 3366 9000
Contact Person: Shivanand R. Shettigar, Company Secretary and Compliance Officer
E-mail: shareholders@yesbank.in; **Website**: www.yesbank.in; **Corporate Identity Number:** L65190MH2003PLC143249

OUR BANK IS PROFESSIONALLY MANAGED AND DOES NOT HAVE AN IDENTIFIABLE PROMOTER [(1)]

FURTHER PUBLIC OFFERING OF 12,515,151,513 EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH ("EQUITY SHARES") OF YES BANK LIMITED ("OUR BANK" OR "THE BANK" OR "THE ISSUER") FOR CASH AT A PRICE OF ₹ 12 PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF ₹ 10 PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING TO ₹ 150,000 MILLION BY WAY OF A FRESH ISSUE (THE "OFFER"). THE OFFER INCLUDED A RESERVATION OF UP TO 181,818,181 EQUITY SHARES** AGGREGATING UP TO ₹2,000 MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREINAFTER) (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER", AGGREGATING TO 12,333,333,332 EQUITY SHARES. THE OFFER AND THE NET OFFER CONSTITUTE 49.93% AND 49.20 % OF THE POST-OFFER PAID UP EQUITY SHARE CAPITAL OF OUR BANK, RESPECTIVELY.**

THE OFFER PRICE IS 6 TIMES THE FACE VALUE OF THE EQUITY SHARES. THE MINIMUM BID LOT, THE PRICE BAND AND THE EXTENT OF DISCOUNT, TO THE ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT")*, WAS DECIDED BY OUR BANK IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WAS ADVERTISED IN ALL EDITIONS OF FINANCIAL EXPRESS, ALL EDITIONS OF JANSATTA AND MAHARASHTRA EDITION OF TARUN BHARAT (WHICH ARE ENGLISH, HINDI AND MARATHI NEWSPAPERS, RESPECTIVELY, MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA, WHEREIN THE REGISTERED & CORPORATE OFFICE OF OUR BANK IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST ONE WORKING DAY PRIOR TO THE BID/OFFER OPENING DATE AND WAS MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED. ADDITIONALLY, BIDDERS WERE GUIDED IN THE MEANTIME BY THE SECONDARY MARKET PRICES.

**Our Bank, in consultation with the BRLMs, has offered a discount of ₹ 1 per Equity Share to Eligible Employees bidding in the Employee Reservation Portion.*
***Subject to finalisation of Basis of Allotment.*

This Offer has been made through the Book Building Process in accordance with Regulation 129 (1) of the SEBI ICDR Regulations wherein 50% of the Net Offer was made available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Portion**"), provided that our Bank, in consultation with the BRLMs allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) was available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion was available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. RIIs and NIIs were not eligible for subscription to the unsubscribed QIB portion. Further, not less than 15% of the Net Offer was available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Furthermore, up to 181,818,181 Equity Shares were available for allocation to Eligible Employees, subject to valid Bids being received from them at or above the Offer Price (net of Employee Discount, as applicable for the Employee Reservation Portion). All Bidders (other than Anchor Investors) were required to mandatorily participate in this Offer through the Application Supported by Block Amount ("**ASBA**") process, and provided details of their respective bank account (including UPI ID for Retail Individual Investors using UPI Mechanism) in which the Bid Amount were blocked by the SCSBs or the Sponsor Bank, as the case may be. Anchor Investors were not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see "*Offer Procedure*" beginning on page 520.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or under the laws of any other jurisdictions outside India, and subject to certain exceptions, may not be offered or sold within the United States (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold (1) in the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from the registration requirements of the U.S. Securities Act and (2) outside the United States in reliance on Regulation S.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Bank and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. This being a fast track issue under Regulation 155 of the SEBI ICDR Regulations, our Bank has filed this Prospectus with the Registrar of Companies, Maharashtra at Mumbai, and the Stock Exchanges, through the electronic portal at http://www.mca.gov.in/mcafoportal/loginvalidateuser.do and electronic mail, respectively. This Prospectus has been filed with SEBI through the SEBI Intermediary Portal at https://siportal.sebi.gov.in. Specific attention of the investors is invited to "*Risk Factors*" beginning on page 24.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Bank, having made all reasonable inquiries, accepts responsibility for, and confirms that, this Prospectus contains all information with regard to our Bank and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Bank has received 'in-principle' approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated July 7, 2020 and July 6, 2020, respectively. For the purposes of the Offer, the Designated Stock Exchange is BSE Limited. A signed copy of the Red Herring Prospectus was filed, and this Prospectus has been filed with the RoC in accordance with the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" beginning on page 571.

BOOK RUNNING LEAD MANAGERS

Kotak Mahindra Capital Company Limited 1st Floor, 27 BKC, Plot No. 27, 'G' Block Bandra Kurla Complex, Bandra (East) Mumbai 400 051 Maharashtra, India **Tel:** +91 22 4336 0000 **E-mail:** yesbank.fpo@kotak.com **Investor grievance e-mail**: kmccredressal@kotak.com **Contact person**: Mr. Ganesh Rane **Website**: www.investmentbank.kotak.com **SEBI registration number**: INM000008704	**SBI Capital Markets Limited***** 202, Maker Tower 'E', Cuffe Parade Mumbai 400 005 Maharashtra, India **Tel:** +91 22 2217 8300 **E-mail**: ybl.fpo@sbicaps.com **Investor grievance e-mail**: investor.relations@sbicaps.com **Contact person**: Mr. Sambit Rath/Mr. Janardhan Wagle **Website:** www.sbicaps.com **SEBI registration number:** INM000003531	**Axis Capital Limited** 1st floor, Axis House C-2 Wadia International Centre Pandurang Budhkar Marg Mumbai 400 025 **Tel.**: +91 22 43252183 **E-mail**: yesbank.fpo@axiscap.in **Investor grievance e-mail**: complaints@axiscap.in **Website**: www.axiscapital.co.in **Contact person**: Mr. Ankit Bhatia **SEBI registration no.**: INM000012029	**Citigroup Global Markets India Private Limited** 1202, 12th Floor, First International Financial Centre G-Block, C54 & 55, Bandra Kurla Complex, Bandra (East) Mumbai 400 098 Maharashtra, India **Tel**: +91 22 6175 9999 **E-mail**: yesbank.fpo@citi.com **Investor grievance e-mail**: investors.cgmib@citi.com **Contact Person:** Mr. Paritosh Bhandari **Website**:www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm **SEBI Registration Number**: INM000010718	**DSP Merrill Lynch Limited** Ground Floor, "A" Wing, One BKC, "G" Block Bandra Kurla Complex Bandra (East), Mumbai 400 051 Maharashtra, India **Tel**: +91 22 6632 8000 **E-mail**: dg.india_merchantbanking@bofa.com **Investor grievance e-mail:** dg.ybl_fpo@bofa.com **Contact person:** Mr. Vivek Arora **Website:** www.ml-india.com **SEBI registration number:** INM000011625

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE OFFER
HSBC Securities and Capital Markets (India) Private Limited 52/60, Mahatma Gandhi Road, Fort, Mumbai-400001, Maharashtra, India **Tel:** +91 22 2268 5555 **E-mail:** yesbankfpo@hsbc.co.in **Investor grievance e-mail:** investorgrievance@hsbc.co.in **Contact person**: Ms. Sanjana Maniar / Mr. Dhananjay Sureka **Website:**www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback **SEBI registration number:** INM000010353	**ICICI Securities Limited** ICICI Centre, H.T. Parekh Marg Churchgate, Mumbai – 400 020 **Tel:** +91 22 2288 2460 **E-mail**: ybl.fpo@icicisecurities.com **Investor grievance e-mail:** customercare@icicisecurities.com **Contact person:** Shekher Asnani/ Rishi Tiwari **Website:** www.icicisecurities.com **SEBI registration number**: INM000011179	**YES Securities (India) Limited***** Unit No. 602 A, 6th Floor, Tower 1 & 2, IFC, Senapati Bapat Marg, Elphinstone Road, Mumbai- 400 013 **Tel:** +91 22 3012 6919 **Email:** ybl.fpo@ysil.in **Investor grievance e-mail:** igc@ysil.in **Contact person**: Mukesh Garg **Website:** www.yesinvest.in **SEBI registration number**: INM000012227	**KFIN Technologies Private Limited** Plot No 31 and 32, Tower B, Karvy Selenium, Gachibowli, Hyderabad 500032 **Tel**: +91 40 67162222 **E-mail**: einward.ris@kfintech.com **Investor grievance e-mail**: einward.ris@kfintech.com **Contact person:** Ms. Shobha Anand / Mr. Sridhar B **Website**: www.kfintech.com **SEBI registration Number**: INR000000221

OFFER PROGRAMME

BID/OFFER OPENED ON	**July 15, 2020**
BID/OFFER CLOSED ON	**July 17, 2020**

(1) Our Bank is a 'listed entity with no promoters' in terms of the SEBI Listing Regulations, pursuant to SEBI's letter dated June 9, 2020, bearing reference no. SEBI/HO/CFD/CMD1/OW/2020, and approvals issued by the Stock Exchanges, each dated June 12, 2020, pursuant to Regulation 31A of the SEBI Listing Regulations. For further details, please see "History and Certain Corporate Matters" on page 233.
** The Anchor Investor Bidding Date was one Working Day prior to the Bid/Offer Opening Date.*
*.***In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 121(3) of the SEBI ICDR Regulations, SBI Capital Markets Limited and YES Securities (India) Limited will be involved only in marketing of the Offer.*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below, and references to any legislation, statute, regulation, rules, guidelines or policies shall be to such legislation, statute, regulation, rule, guidelines or policy as amended from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.

Notwithstanding the foregoing, terms used in "Statement of Special Tax Benefits", "Key Regulations and Policies in India" "Financial Statements", "Outstanding Litigation and Material Developments" and "Main Provisions of Articles of Association" beginning on pages 126, 214, 264, 479 and 539, respectively, shall have the meanings ascribed to such terms in these respective sections.

General terms

Term	Description
"our Bank", "the Bank" or "the Issuer"	YES Bank Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its Registered and Corporate Office situated at YES BANK Tower, IFC -2, 15th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai 400 013, Maharashtra, India.
"we", "us", or "our"	Unless the context otherwise indicates or implies, our Bank and our Subsidiaries.

Bank related terms

Term	Description
Additional Director	Additional director(s) on the Board appointed by the RBI in terms of Section 36 AB of the Banking Regulation Act and the Reconstruction Scheme.
"Articles of Association" or "AoA"	Articles of Association of our Bank, as amended.
Audit Committee	The audit committee of the Board of Directors, as described in "*Our Management*" beginning on page 243.
"Auditors" or "Statutory Auditors"	Independent auditors of our Bank, namely, B S R & Co. LLP, Chartered Accountants.
"Board" or "Board of Directors"	Board of directors of our Bank or a duly constituted committee thereof.
"Chief Executive Officer" or "CEO"	Chief executive officer of our Bank.
"Chief Financial Officer" or "CFO"	Chief financial officer of our Bank.
Company Secretary and Compliance Officer	Company Secretary and Compliance Officer to the Offer.
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Board, as described in "*Our Management*" beginning on page 243.
Director(s)	Director(s) on the Board.
ESOP(s)	Employee stock options granted to eligible employees pursuant to various ESOP Schemes of our Bank, to receive equity shares in accordance with the terms and conditions of each the respective ESOP Scheme.
ESOP Schemes	The employee stock option schemes implemented by our Bank. For further details, please see "*Capital Structure*" on page 92.
Equity Shares	Equity shares of our Bank.
Executive Director	An executive director of our Bank.
Group Company(ies)	In terms of the SEBI ICDR Regulations, the term "group companies", includes (i) such companies (other than promoter(s) and subsidiary(ies)) with which our Bank had related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by the Board. For further details, please see "*Our Group Companies*" beginning on page 260.
Key Managerial Personnel	Key managerial personnel of our Bank in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations and as disclosed in "*Our Management*" beginning on page 243.
"Managing Director" or "MD"	The managing director of our Bank.

Term	Description
Materiality Policy	The policy on materiality in relation to this Offer as adopted by our Board on July 3, 2020, for identification of: (a) material outstanding litigation; (b) companies to be identified as Group Companies; and (c) material creditors, pursuant to the requirements of the SEBI ICDR Regulations.
"Memorandum of Association" or "MoA"	Memorandum of Association of our Bank, as amended.
Non-Executive Chairman	The non-executive chairman of our Bank.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, as described in "*Our Management*" beginning on page 243.
Non- Executive Director	A Director not being an Executive Director.
Preference Shares	Preference shares of our Bank of face value of ₹ 100 each
Reconstruction Scheme	Yes Bank Limited Reconstruction Scheme, 2020 notified by the Department of Financial Services, Ministry of Finance vide notification bearing no. G.S.R. 174(E) dated March 13, 2020
"Registered Office" or "Registered and Corporate Office"	The registered and corporate office of our Bank, located at YES BANK Tower, IFC - 2, 15th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai 400 013, Maharashtra, India
"Registrar of Companies" or "RoC"	Registrar of Companies, Maharashtra at Mumbai.
Risk Management Committee	The risk management committee of the Board of Directors, as described in "*Our Management*" beginning on page 243.
Restated Consolidated Financial Information	Restated consolidated financial information of our Bank and its Subsidiaries, comprising the consolidated restated balance sheet as at March 31, 2020, March 31, 2019 and March 31, 2018, the restated consolidated restated profit and loss account and the consolidated restated cash flow statement for the years ended March 31, 2020, March 31, 2019 and March 31, 2018, the summary statement of significant accounting policies, and other explanatory information, and the report thereon, as approved by the Board of Directors at their meeting held on July 3, 2020.
Restated Standalone Financial Information	Restated standalone financial information of our Bank, comprising the standalone restated balance sheet as at March 31, 2020, March 31, 2019 and March 31, 2018, the restated standalone restated profit and loss account and the standalone restated cash flow statement for the years ended March 31, 2020, March 31, 2019 and March 31, 2018, the summary statement of significant accounting policies, and other explanatory information, and the report thereon, as approved by the Board of Directors at their meeting held on July 3, 2020.
Restated Financial Information	Collectively, the Restated Consolidated Financial Information and Restated Standalone Financial Information.
Shareholder(s)	Shareholders holding Equity Shares our Bank, from time to time.
Stakeholders' Relationship & Customer Service Committee	The stakeholders' relationship & customer service committee of the Board of Directors as described in "*Our Management*" beginning on page 243.
Subsidiaries	Subsidiaries of our Bank being, YES Securities (India) Limited, YES Asset Management (India) Limited and YES Trustee Limited.
YAMIL	YES Asset Management (India) Limited
YTL	YES Trustee Limited
"YSIL" or "YES Securities"	YES Securities (India) Limited

Offer related terms

Term	Description
Acknowledgement Slip	The slip or document issued by a Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form.
"Allot", "Allotment" or "Allotted"	The allotment or transfer, as the case may be, of Equity Shares pursuant to the Offer to the successful Bidders.
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom the Equity Shares are Allotted.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus.
Anchor Investor Allocation Price	The price at which Equity Shares were allocated to Anchor Investors in terms of the Red Herring Prospectus and this Prospectus, which was decided by our Bank, in consultation with the BRLMs, in this case being ₹12.

Term	Description
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which was considered as an application for Allotment in terms of the Red Herring Prospectus and this Prospectus.
Anchor Investor Bidding Date	One Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors were submitted, and allocation to Anchor Investors was completed, in this case being July 14, 2020.
Anchor Investor Offer Price	Final price at which the Equity Shares were issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and this Prospectus, in this case being ₹ 12 per Equity Share.
Anchor Investor Portion	60% of the QIB Portion, consisting of 3,415,384,614* Equity Shares which was allocated by our Bank in consultation with the BRLMs, to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. **Subject to finalisation of Basis of Allotment.*
Anchor Investor Pay-In Date	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/ Offer Closing Date.
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorize an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB and included amounts blocked by SCSB upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism.
ASBA Account	A bank account maintained with an SCSB which may be blocked by such SCSB or the account of the RII blocked upon acceptance of UPI Mandate Request by the RIIs using the UPI Mechanism.
ASBA Bidders	All Bidders except Anchor Investors.
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which was considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus.
Axis	Axis Capital Limited
Banker(s) to the Offer	Collectively, the Escrow Collection Bank(s), Refund Bank(s), Sponsor Bank and Public Offer Account Bank(s).
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer, as described in "*Offer Structure*" beginning on page 515.
Bid	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares of our Bank at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application form. The term "Bidding" shall be construed accordingly.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid. However, Eligible Employees applying in the Employee Reservation Portion could apply at the Cut-off Price and the Bid amount was the Cap Price net of Employee Discount, multiplied by the number of Equity Shares Bid for by such Eligible Employee and mentioned in the Bid cum Application Form.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires.
Bid Lot	1,000 Equity Shares and in multiples of one Equity Share thereafter.
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries did not accept any Bids, being July 17, 2020, which was published in all editions of the English national newspaper Financial Express, all editions of Hindi national newspaper Jansatta, and Maharashtra edition of Marathi daily newspaper Tarun Bharat (Marathi being the regional language of Mumbai, where our Registered Office is located).

Term	Description
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries started accepting Bids, being July 15, 2020, which was published in all editions of the English national newspaper Financial Express, all editions of Hindi national newspaper Jansatta and Maharashtra edition of Marathi daily newspaper Tarun Bharat (Marathi being the regional language of Mumbai, where our Registered Office is located).
Bid/Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders could submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor.
Bidding Centers	Centers at which at the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated SCSB Branches for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
BoFA	DSP Merill Lynch Limited
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer has been made.
Book Running Lead Managers or BRLMs	The book running lead managers to the Offer namely, Kotak Mahindra Capital Company Limited, SBI Capital Markets Limited*, Axis Capital Limited, Citigroup Global Markets India Private Limited, DSP Merrill Lynch Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited, and YES Securities (India) Limited*. **In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 121 (3) of the SEBI ICDR Regulations, SBI Capital Markets Limited and YES Securities (India) Limited will be involved only in marketing of the Offer.*
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders could submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Broker are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com).
"CAN" or "Confirmation of Allocation Note"	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on/after the Anchor Investor Bidding Date.
Citi	Citigroup Global Markets India Private Private Limited
"Collecting Registrar and Share Transfer Agents" or "CRTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of the UPI Circular.
Cap Price	The higher end of the Price Band,in this case being ₹13.
Cash Escrow and Sponsor Bank Agreement	Agreement dated July 7, 2020 entered into by our Bank, the Registrar to the Offer, the BRLMs, Syndicate Members, the Banker(s) to the Offer, including the Sponsor Bank in accordance with the UPI Circular for the collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof.
Client ID	Client identification number maintained with one of the Depositories in relation to demat account.
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Cut-off Price	Offer Price, finalised by our Bank, in consultation with the BRLMs, being ₹12 per Equity Share. Only Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion were entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders were not entitled to Bid at the Cut-off Price.
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation and bank account details and UPI ID, where applicable.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com).

Term	Description
Designated Date	The date on which funds are transferred from the Escrow Account and the amounts blocked are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus and this Prospectus, after the finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange.
Designated Intermediaries	In relation to ASBA Forms submitted by RIIs and Eligible Employees authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIIs and Eligible Employees where the Bid Amount were blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs. In relation to ASBA Forms submitted by QIBs NIIs, Designated Intermediaries shall mean SCSBs, Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs.
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com).
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited
Eligible Employees	All or any of the following: (a) a permanent employee of our Bank, working in India or outside India, (excluding such employees who are not eligible to invest in the Offer under applicable laws) as of the date of the Red Herring Prospectus and who continued to be a permanent employee of our Bank, as of the date of submission of the Bid cum Application Form; and (b) a Director of our Bank, whether whole time or not, who is eligible to apply under the Employee Reservation Portion under applicable law as on the date of the Red Herring Prospectus and who continued to be a Director of our Bank, as of the date of submission of the Bid cum Application Form, but not including Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding Equity Shares of our Bank. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 200,000. Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000.
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares.
Employee Discount	Our Bank, in consultation with the BRLMs, has offered a discount of ₹1 per Equity Share to Eligible Employees.
Employee Reservation Portion	The portion of the Offer consisting of up to 181,818,181 Equity Shares* aggregating up to ₹2,000 million, which was available for allocation to Eligible Employees, on a proportionate basis. **Subject to finalisation of Basis of Allotment.*

Term	Description
Escrow Account(s)	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors and Underwriters will transfer money through direct credit/NEFT/RTGS/NACH in respect of the Bid Amount when submitting a Bid or for subscribing to Equity Shares in the Offer.
Escrow Collection Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Account(s) has been opened, in this case being YES Bank Limited.
First Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
First Underwriting Agreement	The agreement dated July 7, 2020 among the our Bank, SBICAP and the Registrar.
Floor Price	The lower end of the Price Band, in this case being ₹12.
General Information Document	The general information document for investing in public issues prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020, notified by SEBI.
HSBC	HSBC Securities and Capital Markets (India) Private Limited
I-Sec	ICICI Securities Limited
KMCC	Kotak Mahindra Capital Company Limited
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price.
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), consisting of 137,564,103 Equity Shares* which was available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price. **Subject to finalisation of Basis of Allotment.*
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Offer	The Offer less the Employee Reservation Portion.
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
Net Proceeds	Proceeds of the Offer that will be available to our Bank, less Offer Expenses to the extent applicable to the Offer. For further details, plese see "*Objects of the Offer*" beginning on page 119.
"Non-Institutional Bidder" or "NIBs"	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000 (but not including NRIs other than Eligible NRIs and Eligible Employees).
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Net Offer consisting of 1,850,000,000 Equity Shares*, which was available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price. **Subject to finalisation of Basis of Allotment.*
Non-Resident	A person resident outside India, as defined under FEMA.
Offer Agreement	The agreement dated July 7, 2020 amongst our Bank, and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer.
Offer	Further public offering of 12,515,151,513 Equity Shares* for cash at a price of ₹ 12 per Equity Share (including share premium of ₹ 10 per Equity Share) aggregating to ₹ 150,000 million by way of a fresh issue by our Bank. The Offer included a reservation of up to 181,818,181 Equity Shares* aggregating up to ₹2,000 million, in favour of Eligible Employees. **Subject to finalisation of Basis of Allotment.*
Offer Price	The final price at which the Equity Shares will be Allotted to successful Bidders, other than Anchor Investors, in this case being ₹12. A discount of ₹1 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion. This Employee Discount, was decided by our Bank, in consultation with the BRLMs

Term	Description
Price Band	Price band of a minimum price of ₹ 12 per Equity Share (Floor Price) and the maximum price of ₹ 13 per Equity Share (Cap Price). The Price Band and the minimum Bid Lot for the Offer was decided by our Bank, in consultation with the BRLMs, and was advertised in all editions of Financial Express, all editions of Jansatta and in the Maharashtra edition of Tarun Bharat (which are English, Hindi and Marathi newspapers, respectively, Marathi also being the regional language of Maharashtra, wherein the registered and corporate office of our Bank is located) at least one Working Day prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and was made available to the Stock Exchanges for the purpose of uploading on their respective websites.
Pricing Date	The date on which our Bank in consultation with the BRLMs, finalised the Offer Price, in this case being July 18, 2020.
Prospectus	This prospectus dated July 18, 2020 filed with the RoC in accordance with the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account	Bank account to be opened with the Public Offer Account Bank under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account and ASBA Accounts on the Designated Date.
Public Offer Account Bank(s)	The bank with which the Public Offer Account is opened for collection of Bid Amounts from Escrow Account and ASBA Account on the Designated Date, in this case being YES Bank Limited.
"QIB Category" or "QIB Portion"	The portion of the Offer (including the Anchor Investor Portion) being 50% of the Net Offer consisting of 6,166,666,665 Equity Shares* which was allocated on a proportionate basis to QIBs, 5% of which was allocated to Mutual Funds. **Subject to finalisation of Basis of Allotment.*
"Qualified Institutional Buyers" or "QIBs" or "QIB Bidders"	Qualified institutional buyers, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
"Red Herring Prospectus" or "RHP"	The Red Herring Prospectus dated July 7, 2020, issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which did not have complete particulars of the price at which the Equity Shares were offered and the size of the Offer including any addenda or corrigenda thereto.
Refund Account(s)	The account(s) opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Anchor Investors shall be made.
Refund Bank(s)	The Banker(s) to the Offer with whom the Refund Account(s) was opened, in this case being YES Bank Limited.
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members eligible to procure Bids.
Registrar Agreement	The agreement dated July 4, 2020 amongst our Bank, and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the UPI circular, as per the lists available on the websites of BSE and NSE.
"Registrar to the Offer" or "Registrar"	KFIN Technologies Private Limited.
"Retail Individual Bidder(s)" or "RIB(s) or "RII(s)"	Individual Bidders who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs).
Retail Portion	The portion of the Offer being not less than 35% of the Net Offer consisting of 4,316,666,667 Equity Shares* which was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. **Subject to finalisation of Basis of Allotment.*
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s). QIB Bidders and Non-Institutional Bidders were not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees could revise and / or withdraw their Bids during the Bid/Offer Period, until the Bid/Offer Closing Date.
SBICAP	SBI Capital Markets Limited.

Term	Description
Second Underwriting Agreement	The agreement dated July 18, 2020 among the Underwriters and our Bank.
"Self-Certified Syndicate Bank(s)" or "SCSB(s)"	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Specified Locations	Bidding centres where the Syndicate shall accept ASBA Forms from Bidders.
Sponsor Bank	The Banker to the Offer registered with SEBI, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=41 and update from time to time, which is appointed by our Bank to act as a conduit between the Stock Exchanges and the NPCI in order to push the mandate collect requests and / or payment instructions of the RIIs into the UPI, the Sponsor Bank in this Offer being Kotak Mahindra Bank Limited.
Stock Exchanges	Collectively, BSE Limited and National Stock Exchange of India Limited.
Syndicate Agreement	Agreement dated July 7, 2020 entered into among our Bank, the Registrar to the Offer, the BRLMs and the Syndicate Members in relation to collection of Bid cum Application Forms by Syndicate.
Syndicate Members	Intermediaries registered with SEBI who are permitted to accept bids, applications and place order with respect to the Offer and carry out activities as an underwriter, namely, Investec Capital Services (India) Private Limited, Kotak Securities Limited and SBI CAP Securities Limited.
Syndicate	Together, the BRLMs and the Syndicate Members.
Systemically Important Non-Banking Financial Bank	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
Underwriters	Kotak Mahindra Capital Company Limited, SBI Capital Markets Limited*, Axis Capital Limited, Citigroup Global Markets India Private Limited, DSP Merrill Lynch Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited, YES Securities (India) Limited*, Investec Capital Services (India) Private Limited, Kotak Securities Limited and SBI CAP Securities Limited. **In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 121 (3) of the SEBI ICDR Regulations, SBI Capital Markets Limited and YES Securities (India) Limited will be involved only in marketing of the Offer.*
Underwriting Agreements	Collectively, the First Underwriting Agreement and the Second Underwriting Agreement.
UPI	Unified Payment Interface which is an instant payment mechanism, developed by NPCI.
UPI Circular	Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019,circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, circular no. (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, and circular no (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 as amended from time to time issued by SEBI.
UPI ID	ID created on UPI for single-window mobile payment system developed by the NPCI.
UPI Mandate Request	A request (intimating the RII by way of a notification on the UPI application and by way of a SMS directing the RII to such UPI application) to the RII initiated by the Sponsor Bank to authorise blocking of funds in the relevant ASBA Account through the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
UPI Mechanism	The mechanism that may be used by an RII to make a Bid in the Offer in accordance with the UPI Circular.
Working Day	All days on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; (c) the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circulars issued by SEBI.

Conventional and General Terms or Abbreviations

Term /Abbreviation	Description / Full Form

Term /Abbreviation	Description / Full Form
₹ / Rs. / Rupees / INR	Indian Rupee
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS / Accounting Standards	The Accounting standards issued by the ICAI
ASBA Circulars	Collectively, SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CEO	Chief Executive Officer
CCI	Competition Commission of India
CIN	Corporate identity number
Companies Act, 1956	*Erstwhile* Companies Act, 1956 along with the rules made thereunder
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with the rules made thereunder
Competition Act	Competition Act, 2002
Cr. PC	Code of Criminal Procedure, 1973
CSR	Corporate social responsibility
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DFS	Department of Financial Services, Ministry of Finance
DIN	Director identification number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP / Depository Participant	Depository participant as defined under the Depositories Act
DP ID	Depository participant identification
DPII	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, earlier known as Department of Industrial Policy and Promotion
EBITDA	Profit from operating activities before depreciation, amortisation and exceptional items as presented in the statement of profit and loss in the Financial Statements
EPS	Earnings per share
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign direct investment
FDI Policy	The extant Consolidated Foreign Direct Investment Policy notified by the DIPP (now DPII) through notification dated August 28, 2017 effective from August 28, 2017
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended
Financial Year / FY / Fiscal	Period of 12 months ended March 31 of that particular year
FPI	Foreign Portfolio Investor
FPO	Further Public Offering
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCIs	Foreign venture capital investors as defined in and registered with the SEBI, under the SEBI FVCI Regulations
GDP	Gross domestic product
GIR	General Index Register
Government / GoI	Central Government and/or the State Government, as applicable
GST	Goods and Services Tax
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles followed in India
Ind AS	Indian Accounting Standards as referred to and notified under the Companies (Indian Accounting Standards) Rules, 2015
IPC	Indian Penal Code, 1860
IPO	Initial Public Offering
ISIN	International securities identification number allotted by the Depository

Term /Abbreviation	Description / Full Form
IT	Information Technology
IT Act	Information Technology Act, 2000
Income-tax Act	Income-tax Act, 1961
LIBOR	London Interbank Offered Rate
Listing Agreement	Equity listing agreements entered into between our Bank and the Stock Exchanges in terms of the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015
MICR	Magnetic Ink Character Recognition
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. / N/A	Not applicable
NACH	National Automated Clearing House
Net Worth	Net worth as defined in the RBI circular dated August 18, 2005, being the aggregate value of the paid-up share capital and all free reserves, including share premium but excluding revaluation reserve, investment fluctuation reserve, credit balance in profit and loss account, after deducing the aggregate value of the debit balance in profit and loss account, accumulated losses, if any, and intangible assets.
NEFT	National Electronic Fund Transfer
Net Debt	It is computed by reducing the amounts of cash and cash equivalents from the aggregate of long-term borrowings (including current maturities of long-term borrowings) and short-term borrowings, all of which are as per the audited consolidated financial statements of respective years/periods
NR / NRs	Non-resident(s) or person(s) resident outside India, as defined under the FEMA
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA.
p.a.	Per annum
PAN	Permanent Account Number
RBI	Reserve Bank of India
Rule 144A	Rule 144A under the U.S Securities Act
Registered Foreign Portfolio Investors / Foreign Portfolio Investors / FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Regulation S	Regulation S under the U.S Securities Act
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
State Government	Government of a state of India
U.S. / USA / United States	United States of America, including the territories or possessions thereof
U.S Securities Act	U.S. Securities Act of 1933, as amended
VCFs	Venture capital funds as defined in and registered with the SEBI under the SEBI VCF

Term /Abbreviation	Description / Full Form
	Regulations or the SEBI AIF Regulations, as the case may be

Industry Related Terms

Term	Description
Additional Tier I capital	Comprises of Innovative perpetual debt instruments and perpetual non-cumulative preference shares eligible for inclusion in Tier I Capital which comply with the specified current regulations as reduced by equity investments in subsidiaries, (under transition provisions) reciprocal investments capital of banking, financial and insurance entities, deferred tax assets (under transition provisions), intangible assets (under transition provisions).
AEPS	Aadhar Enabled Payment System.
AFS	Available for sale.
ALCO	Asset liability committee.
ALM	Asset liability management.
AML	Anti-money laundering.
ANBC	Adjusted net bank credit
API	Application programming interface.
ATM	Automatic teller machine.
AUM	Assets under management.
Average yield on investments	Interest income on investments divided by average of month end balances of investments.
Average cost of deposits	Interest expense on deposits divided by average of month end balances of deposits.
Average cost of borrowings	Interest expense on borrowings divided by average of month end balances of borrowings.
Base Rate	Minimum lending rate set by our Bank in accordance with applicable laws and regulations.
Basel Committee	Basel Committee on Banking Supervision.
Basel II	Revised framework on “International Convergence of Capital Measurement and Capital Standards” by RBI for International Settlements.
Basel III	A global regulatory framework for more resilient banks and banking systems (December 2010 (rev. June 2011)) published by the Bank for International Settlements. RBI issued guidelines on the implementation of Basel III capital regulations in India on May 2, 2012 and revised pursuant to Master Circular – Basel III Capital Regulations issued by RBI, dated July 1, 2015
BCA	Baseline credit assessment.
BCC	Board Credit Committee.
BNA	Bunch Note Acceptors/Recyclers.
BPLR	Benchmark prime lending rate.
Bps	Basis points.
BSM	Bank-subsidiary model.
BSMG	Balance sheet management group.
CAGR	Compounded annual growth rate (calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered).
CAR	Capital adequacy ratio.
CASA Ratio	Ratio of current account (demand deposit) saving account to deposits
CCO	Chief credit officer
CASA	Current account (demand deposit) saving account.
CBLO	Collateralised borrowing and lending obligations.
CBS	Core banking solutions.
CD	Certificate of deposit.
CDR	Corporate debt restructuring.
CET1	Common equity tier 1.
CP	Commercial paper.
CRAR	Capital to risk-weighted asset ratio.
CRM	Credit risk mitigation.
CRR	Cash reserve ratio.
CRO	Chief risk officer
CTS	Cheque truncation system.
DICGC	Deposit Insurance and Credit Guarantee Corporation
Director FIU	Director, Financial Intelligence Unit, India.
DP	Counter-cyclical (dynamic) provisioning.
DRI	Differential rate of interest.
EaR	Earnings at risk
ECC	Executive Credit Committee

Term	Description
ECR	Export credit refinance
ECS	Electronic clearing services.
EEFC	Exchange earners' foreign currency.
EFT	Electronic funds transfer.
EL	Expected loss.
ELC	Emerging large corporates
EPDS	Electronic Public Distribution System.
ERP	Enterprise resource planning.
FCNR Account	Foreign currency non resident account.
FCNR(B)	Foreign currency non resident (banks).
FIMMDA	Fixed Income Money Market and Derivative Association.
GIFT City	Gujarat International Finance Tec-City, Gujarat.
Gross advances	Advances plus provision for NPA; please refer to the section entitled "*Selected Statistical Information*" on page 457.
Gross NPA/ GNPAs	Gross non-performing assets/ Gross Non Performing Advances.
HFT	Held for trading.
HQLAs	High quality liquid assets.
HTM	Held to maturity.
IAD	Internal Audit Department.
IBA	Indian Banks Association.
IBU	International Banking Unit.
IMF	International Monetary Fund.
IMPS	Immediate Payment Service.
IRACP	Income recognition, asset classification and provisioning.
IST	Indian Standard Time.
KYC	Know your customer.
LAF	Liquidity adjustment facility.
LC	Letter of credit.
LCR	Liquidity coverage ratio.
LE	Large Exposure.
LFAR	Long form audit report.
MCC	Management Credit Committee.
MCLR	Marginal cost of funds based lending rate.
Moody's	Moody's Investors Services Limited
MSE	Micro and small enterprises.
MSF	Marginal standing facility.
MSME	Micro, small and medium enterprises.
NBFC	A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 or Companies Act, 2013 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property. A non-banking institution which is a company and has principal business of receiving deposits under any scheme or arrangement in one lump sum or in installments by way of contributions or in any other manner, is also a non-banking financial company (Residuary non-banking company).
NAV	Net Worth as at the end of the year / number of equity shares outstanding at the end of the year.
NDTL	Net demand and time liabilities.
NEFT	National electronic fund transfer.
Net interest income	Interest earned less interest expended; for the computation, please refer to the section entitled "*Our Business*" on page 177.
Net interest margin	Ratio of interest earned less interest expended to daily average interest-earning assets, which include daily average balances of advances, investments, balances with the banks and money at call, and short notice and contribution made to Rural Infrastructure Development Fund by the Bank
Net NPA	NPAs (net of provisions).
Net Total Income	Net interest income and other income.
NNPA	Net Non Performing assets/ Net Non performing advances.
NOCs	National operating centers.
Non Interest Income	Non interest income is presented as 'Other Income' in Financial Statements.
NPA	Non-performing assets/ Non-performing advances.

Term	Description
NPA provisioning coverage	Ratio of NPA provision to gross NPA.
NPI	Non performing investments as defined by the Master Circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks dated July 1, 2015.
NRNR	Non resident non repatriable.
NSFR	Net stable funding ratio.
OTS	One time settlement.
Operating Profit	Summation of Interest earned and Other Income less Interest expended and Operating Expense
PCR	Provisioning coverage ratio.
PFIC	Passive foreign investment company.
PSBs	Public sector banks.
PVBs	Private sector banks.
RAROC	Risk adjusted return on capital.
RBAP	Risk Based Audit Plan.
RBI Basel III Capital Regulations	Guidelines issued by RBI on the implementation of Basel III capital regulations in India on May 2, 2012, as revised.
RBS	Risk Based Supervision.
Repo Rate	Re-purchase option rate; the annual rate at which RBI lends to other banks in India.
Reverse Repo Rate	The rate at which RBI borrows money from banks in India.
RFC Account	Resident foreign currency account.
RIDF	Rural infrastructure development fund
RMC	Risk Monitoring Committee
RMD	Risk Management Department.
ROA	Return on assets (the ratio of net profit to monthly balances outstanding assets).
ROE	Return on equity (the ratio of net profit to Monthly average shareholders' equity).
RTGS	Real time gross settlement.
RURBAN Banking	A dedicated rural and inclusive banking channel.
RWA	Risk-weighted assets
S&P	Standard and Poor's.
S4A	Scheme for sustainable structuring of stressed assets
SCBs	Scheduled commercial banks.
SDR	Strategic Debt Restructuring Scheme
Shared Service Provider	A third party service provider appointed by Issuer.
SGL	Subsidiary general ledger.
SLBC	State Level Bankers' Committee.
SLR	Statutory liquidity ratio.
Slippage Ratio	New accretion to gross NPA for the period in proportion to standard advances at the beginning of the period.
SMEs	Small and medium-sized enterprises.
SUCBs	Scheduled urban co-operative banks.
TCFD	Task Force on Climate related Financial Disclosures.
Tier I capital	The core capital of a bank which provides the most permanent and readily available support against unexpected losses. It comprises paid up capital and reserves consisting of statutory reserves, free reserves and capital reserves representing surplus arising out of sale of assets, innovative capital instruments (like innovative perpetual debt instruments and perpetual non cumulative preference shares eligible for inclusion in Tier I Capital which comply with the specified regulatory requirements) as reduced by equity investments in subsidiaries, deferred tax assets, intangible assets, and losses in the current period and those brought forward from the previous period.
Tier II bonds	Unsecured subordinated bonds issued for Tier II capital adequacy purposes.
Tier II capital	The undisclosed free reserves, investment reserves, hybrid debt capital instruments (like perpetual cumulative preference shares, redeemable non cumulative preference shares, redeemable cumulative preference shares eligible for inclusion in Tier II Capital which comply with the specified regulatory requirements) and subordinated debt eligible for inclusion in Tier II Capital which comply with the specified regulatory requirements, revaluation reserves (at a discount of 55.0%), general provisions and loss reserves (allowed up to a maximum of 1.2% of risk-weighted assets).
Total net income	Net interest income plus other income
VaR	Value at risk.
UPI	Unified Payment Interface.
Yield on advances	Interest income on advances divided by average of month end balances of advances.
YTM	Yield to maturity.

CERTAIN COVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references to "India" contained in this Prospectus are to the Republic of India. All references to the "Government", "Indian Government", "GOI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

Unless stated otherwise, all references to page numbers in this Prospectus are to the page numbers of this Prospectus.

Financial Data

Unless stated otherwise, the financial information in this Prospectus is derived from our Restated Financial Information. The Restated Financial Information included in this Prospectus are as at and for the Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018, and have been prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by ICAI, as amended from time to time.

We have prepared our Restated Financial Information in accordance with Indian GAAP, Companies Act, and other applicable statutory and/or regulatory requirements. Our Bank publishes its financial statements in Rupees. Indian GAAP differs in certain significant respects from International Financial Reporting Standards ("**IFRS**") and U.S. GAAP. Our Bank does not provide a reconciliation of its Financial Statements to IFRS or U.S. GAAP financial statements. See "*Risk Factors – Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition*." on page 71. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than to the second decimal to conform to their respective sources.

Our Bank's financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that year. Unless stated otherwise, or the context requires otherwise, all references to a "year" in this Prospectus are to a calendar year.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditional and Results of Operations*" beginning on pages 24, 177 and 423, respectively, and elsewhere in this Prospectus have been calculated on the basis of our Restated Financial Information.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." or "Re." are to Indian Rupee, the official currency of the Republic of India;
- "USD" or "US$" are to United States Dollar, the official currency of the United States; and

Our Bank has presented certain numerical information in this Prospectus in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000. However, where any references that may have been sourced from third party sources are expressed in denomination other than millions or billions, such figures appear expressed in such denominations as provided in their respective industry sources.

Time

All references to time in this Prospectus are to Indian Standard Time.

Exchange Rates

This Prospectus contains conversion of certain other currency amounts into Indian Rupees. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the US$ (in Rupees per US$):

(Amount in ₹, unless otherwise specified)

Currency	**As at**		
	March 31, 2020	**March 31, 2019***	**March 31, 2018****
1 US$	75.39	69.17	65.07

Source: https://www.rbi.org.in/ and https://www.fbil.org.in/

** Exchange rate as on March 29, 2019, as FBIL Reference Rate is not available for March 30, 2019 being Saturday and March 31, 2019 being a Sunday.*

*** Exchange rate as on March 28, 2018, as FBIL Reference Rate is not available for March 29, 2018 and March 30, 2018 being public holidays and March 31, 2018 being a Saturday.*

Industry and Market Data

Information regarding market position, growth rates and other industry data pertaining to the businesses of our Bank contained in this Prospectus consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which our Bank competes. The statistical information included in this Prospectus relating to the various sectors in which our Bank operates has been reproduced from various trade, industry and regulatory/government publications and websites, including that of the RBI.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so our Bank has relied on internally developed estimates.

Neither our Bank nor the Book Running Lead Managers have independently verified this data and neither our Bank nor the Book Running Lead Managers make any representation regarding the accuracy or completeness of such data. Similarly, while we believe that our internal estimates are reasonable, such estimates have not been verified by any independent sources, and neither our Bank nor the Book Running Lead Managers can assure potential investors as to their accuracy.

Accordingly, investment decisions should not be based solely on such information. For details in relation to the risks involving the industry data, see "*Risk Factors"* beginning on page 24.

In accordance with the SEBI ICDR Regulations, see "*Basis for Offer Price*" beginning on page 123, which includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "propose", "project", "will", "will continue", "will pursue" "seek to", "shall" or other words or phrases of similar import. Similarly, statements whether made by us or any third parties that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, *inter alia*, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- the impact of an outbreak of any contagious diseases (including the prolonged outbreak of COVID-19);
- our ability to manage our portfolio of NPAs or NPIs;
- any non-compliance with laws, rules and regulations applicable to us (including the observations or guidelines by RBI);
- our indebtedness and conditions imposed by our financing arrangements (including any exercise of rights by our lenders for any of our breaches of restrictive covenants contained in our financing arrangements);
- any material default by our borrowers;
- the impact of any negative publicity which may affect customers' confidence (including the receipt of any whistle blower complaints); and
- general political economic and business conditions in India.

For further discussion on factors that could cause actual results to differ from expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 24, 177 and 423, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect current views as of the date of this Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Bank, our Directors, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI ICDR Regulations, our Bank and the BRLMs will ensure that the investors in India are informed of material developments pertaining to our Bank from the date of this Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges.

SUMMARY OF THE OFFER DOCUMENT

This section is a general summary of certain disclosures included in this Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus, including the sections titled "*Risk Factors", "Industry Overview", "Our Business", "Capital Structure", "The Offer"* and *"Outstanding Litigation and Material Developments*" beginning on pages 24, 147, 177, 92, 81 and 479, respectively.

Summary of business

Our Bank, is a high quality, customer centric and service driven bank. Since inception in 2004, our Bank has grown into a 'Full Service Commercial Bank' providing a complete range of products, services and technology driven digital offerings, catering to corporate, MSME & retail customers. Our Bank operates its investment banking, merchant banking & brokerage businesses through YSIL, and its mutual fund business through YAML, both wholly owned subsidiaries of our Bank. Headquartered in Mumbai, it has a pan-India presence across all 28 states and 8 Union Territories in India including an IBU at GIFT City, and a Representative Office in Abu Dhabi.

Summary of industry

The Indian banking industry is affected by the Indian and global economy. The Indian banking industry is constituted by several players, including, the RBI, public and private sector banks, foreign banks and cooperative banks. The RBI is the central regulatory and supervisory authority for Indian banks and non-banking finance companies. Following several governmental reforms beginning in 1991, the industry became increasingly liberalized, intensifying competition within the industry. Recent structural reforms within the industry and new policy changes, including relief packages introduced by the government to mitigate the impact of the COVID-19 pandemic, continue to affect the banking industry.

Names of Promoters

Pursuant to SEBI's letter dated June 9, 2020, bearing reference no. SEBI/HO/CFD/CMD1/OW/2020, and approvals issued by the Stock Exchanges, each dated June 12, 2020, pursuant to Regulation 31A of the SEBI Listing Regulations, our Bank is professionally managed, and is a 'listed entity with no promoters' in terms of the SEBI Listing Regulations. For details, see "*History and Certain Corporate Matters"*" beginning on page 233.

Persons who have the right to appoint director(s) on our Board

Pursuant to the Reconstruction Scheme, the (i) State Bank of India has the right to nominate two officers as Directors on the Board of the Bank, (ii) RBI may appoint one or more persons as Additional Directors, as it may consider necessary, and (iii) any of Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Federal Bank Limited, Bandhan Bank Limited and IDFC First Bank Limited, who is permitted by the RBI to have voting rights of 15% shall have the right to nominate one Director on the Board. For further details, see "*History and Certain Corporate Matters*" and "*Our Management*" on pages 233 and 243, respectively.

Offer size

Further public offering of 12,515,151,513 Equity Shares* for cash at a price of ₹ 12 per Equity Share (including share premium of ₹ 10 per Equity Share) aggregating to ₹ 150,000 million by way of a fresh issue. The Offer included a reservation of up to 181,818,181 Equity Shares* aggregating up to ₹2,000 million, for subscription by Eligible Employees. The Offer and the Net Offer constitute 49.93% and 49.20 % of the post-Offer paid up equity share capital of our Bank, respectively.

**Subject to finalisation of Basis of Allotment.*

Objects of the Offer

The Net Proceeds are proposed to be used in accordance with the details set forth below:

Particulars	Amount (In ₹ million)
Ensuring adequate capital to support growth and expansion, including enhancing our solvency and capital adequacy ratio	148,506.56
Total	148,506.56

Summary of Restated Financial Information*

(in ₹ million other than share data)

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Share capital	25,100.94	4,630.07	4,605.93
Net worth	216,949.60	268,874.10	257,525.07
Revenue	380,081.16	342,992.80	255,617.46
Profit after tax	(164,325.80)	17,092.66	42,332.20
Earnings per share (basic)	(56.11)	7.40	18.46
Earnings per share (diluted)	(56.11)	7.33	18.09
Net asset value per Equity Share	17.29	116.14	111.82
Total borrowings	1,137,905.03	1,084,241.09	748,935.81

**on a consolidated basis.*

Qualifications of the Statutory Auditors not given effect to in the Restated Financial Information

There are no qualifications of the Statutory Auditors which require adjustments in the Restated Financial Information. For details of qualifications of the Statutory Auditors, please see "*Financial Statements*" on page 264.

Summary of Outstanding Litigation and Material Developments

A summary of outstanding litigation proceedings involving our Bank, Subsidiaries, Directors and our Group Companies, as on the date of this Prospectus as disclosed in the section titled "*Outstanding Litigation and Material Developments*" in terms of the SEBI ICDR Regulations and the Materiality Policy is provided below:

Type of proceedings	Number of cases	Amount* (₹ in million)
Cases against our Bank		
Criminal proceedings	3	N.A
Actions taken by statutory or regulatory authorities	1	N.A
Claims related to direct and indirect taxes	15	48,474.95
Other pending material litigation#	10	205,788.50
Total	29	254,263.45
Cases by our Bank		
Criminal proceedings	106	46,929.77
Actions taken by statutory or regulatory authorities	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Other pending material litigation	33	187,588.91
Total	139	234,518.68
Cases by our Subsidiaries		
Criminal proceedings	Nil	Nil
Actions taken by statutory or regulatory authorities	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Other pending material litigation	Nil	Nil
Total	Nil	Nil
Cases against our Subsidiaries		
Criminal proceedings	Nil	Nil
Actions taken by statutory or regulatory authorities	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Other pending material litigation	Nil	Nil
Total	Nil	Nil
Cases against our Directors		
Criminal proceedings	Nil	Nil
Actions taken by statutory or regulatory authorities	Nil	Nil

Type of proceedings	Number of cases	Amount[*] (₹ in million)
Direct and indirect taxes	Nil	Nil
Other pending material litigation	1	84,150
Total	1	84,150
Cases by our Directors		
Criminal proceedings	Nil	Nil
Actions taken by statutory or regulatory authorities	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Other pending material litigation	Nil	Nil
Total	Nil	Nil
Cases involving the Group Companies which have a material impact on our Bank		
NA	Nil	Nil
Total	169	572,932.13

**To the extent quantifiable*

 # Includes five writ petitions filed by different parties with respect to the same subject matter, i.e. write off of the AT-1 Bonds. While the amount involved in each of these writ petitions is ₹ 84,150 million, the liability of our Bank under all five petitions shall not exceed ₹ 84,150 million i.e. the amount of outstanding bonds.

For further details of the outstanding litigation proceedings, see "*Outstanding Litigation and Material Developments*" on page 479.

Risk Factors

Investors should see "*Risk Factors*" on page 24 to have an informed view before making an investment decision.

Summary of contingent liabilities of our Bank

(₹ in million)

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Claims against the bank not acknowledged as debts	612.50	549.16	116.44
Liability for partly paid investments			
Liability on account of outstanding forward exchange contracts	1,519,467.41	2,834,098.76	3,000,448.83
Liability on account of outstanding derivative contracts			
- Single currency Interest Rate Swap	1,866,270.43	1,702,671.19	1,141,440.35
- Others	548,274.93	868,291.17	783,747.91
Guarantees given on behalf of constituents			
- in India	420,131.38	437,248.91	314,307.93
- Outside India	-	-	-
Acceptances, endorsement and other obligations	198,799.11	390,140.74	411,689.39
Other items for which the bank is contingently liable			
- Purchase of securities pending settlement	836.63	3,622.75	9,068.98
- Capital commitment	3,213.83	2,984.86	2,942.93
- Amount deposited with RBI under Depositor Education and Awareness Fund (DEAF)	53.68	32.83	13.53
- Foreign exchange contracts (Tom & Spot)	25,887.56	300,477.02	154,526.42
- Custody	1,727.88	-	-
- Bills Rediscounting	-	1,500.00	-
TOTAL	**4,585,275.34**	**6,541,617.39**	**5,818,302.70**

For further details of the contingent liabilities, see "*Other Financial Information*" on page 416.

Summary of Related Party Transactions

(₹ in million)

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Deposits	600.98	530.77	495.44
Advances (Overdraft)	102.05	1,024.17	150.38
Investment	2,390.00	2,240.00	1,055.00
Interest received	145.87	41.02	3.88

Interest paid	33.69	44.81	9.32
Reimbursement of Cost incurred	54.06	17.57	25.43
Receiving of services	0.93	8.22	8.34
Payable to Subsidiary	1.33	2.70	1.07
Receivable from Subsidiary	34.29	3.11	3.10
Funded/Non Funded Exposure taken	1,375.00	-	-
Sale of Asset (YSIL)		0.64	5.24
Dividend		270.00	-

For details of the related party transactions, as per the requirements under Indian GAAP '*Related Party Disclosures'* issued by the ICAI and as reported in the Restated Financial Information, see *"Financial Statements"* on page 264.

Financing Arrangements

There have been no financing arrangements whereby our Directors and their relatives have financed the purchase by any other person of securities of our Bank, other than in the normal course of business of the financing entity, during a period of six months immediately preceding the date of the Red Herring Prospectus and until the date of this Prospectus.

Details of pre-Offer Placement

Our Bank shall not make any further issue of specified securities, in any manner, between the date of filing this Prospectus and the listing of the Equity Shares offered through the Prospectus or refund of application monies. However, the foregoing restriction does not apply to any grant of employee stock options or issuance of Equity Shares pursuant to the ESOP Schemes.

Issue of Equity Shares for consideration other than cash in the last one year

Our Bank has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Prospectus.

Split / Consolidation of equity shares of our Bank in the last one year

There has been no split or consolidation of the Equity Shares of our Bank in the last one year.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. This section should be read together with "Industry Overview", "Our Business", "Selected Statistical Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as the financial statements, including the notes thereto, and other financial information included elsewhere in this Prospectus.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, may also adversely affect our business, prospects, financial condition and results of operations and cash flow. If any or some combination of the following risks, or other risks that are not currently known or believed to be material, actually occur, our business, financial condition and results of operations and cash flow could suffer, the trading price of, and the value of your investment in, Equity Shares could decline and you may lose all or part of your investment. In making an investment decision you must rely on your own examination of us and the terms of this Issue, including the merits and risks involved.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Prospectus.

Unless otherwise stated, references to "we", "us", "our" and similar terms are to YES Bank Limited on a consolidated basis and references to "the Bank" are to YES Bank Limited on a standalone basis.

Internal Risks

Risks Relating to Our Business

1. ***Any increase in our portfolio of NPAs or NPIs, RBI-mandated provisioning requirements or restructured advances could materially and adversely affect our business.***

   For the fiscal years 2018, 2019 and 2020, the Bank's gross non-performing assets ("**Gross NPAs**") represented 1.28%, 3.22% and 16.80% of the Bank's total gross advances, respectively, and NPAs (net of provisions) ("**Net NPAs**") represented 0.64%, 1.86% and 5.03% of the Bank's net advances, respectively. If there is any deterioration in the quality of security or further ageing of the assets after being classified as non-performing, an increase in provisions will be required. Any such increase in provisions may adversely impact our financial performance.

   The Bank has recorded net provisions of ₹327,584.34 million for fiscal year 2020, representing a 466.99% increase as compared to the net provisions of ₹57,775.60 million for fiscal year 2019 and a 359.16% increase on CAGR basis as compared to the net provisions of ₹15,538.04 million for fiscal year 2018. While the Bank has already made provision coverage for NPAs with respect to 50.02%, 43.10% and 73.77% of Gross NPAs as of March 31, 2018, 2019, and 2020, respectively, the Bank may need to make further provisions if recoveries with respect to such NPAs do not materialize in time or at all. Our loans in special mention account 1 and 2 amounted to ₹107,813.00 million and ₹3,212.01 million, respectively, as of March 31, 2020. Any deterioration in the quality of security or collateral or any delay in the recovery of security will result in an increase in our slippage ratio for fiscal year 2021.

   In addition, the ongoing COVID-19 pandemic has negatively impacted the global economy and led to significant volatility in the global markets and this volatility may persist for some time. The effect of the COVID-19 pandemic on market conditions has impacted our customer base and, as a result, there is a greater likelihood that more of the Bank's customers could become delinquent in respect of their loan repayments or other obligations to the Bank, which, in turn, could result in a higher level of NPAs in our corporate and retail loan portfolio, allowances for impairment losses and write-offs. Our provision for NPAs as of March 31, 2020 reflected an increase in our allowance for loan losses due to forecasted credit deterioration due to the COVID-19 pandemic. While we provide guidance of slippages from time to time based on the management's internal review and estimates, there can be no assurance that such management's estimates or that the Bank's risk monitoring techniques may be accurate or appropriately implemented. As a result, we may not be able to accurately anticipate the impact of the COVID-19 pandemic or other economic and financial events on our customer base and credit quality. Any increase in NPAs would require us to increase our provisions, which could materially adversely affect our net profits and financial position. Financial difficulties experienced by our key customers or by particular sectors of the Indian economy to which we have exposure could increase our level of NPAs and provisions and adversely affect our business, future financial performance. For further information on our exposure to certain customers and sectors, see "*Risk Factors – We are vulnerable to deterioration in the performance of any industry sector in which we have significant exposure*." Any default in the payment of interest or repayment of the principal by the customers may have an adverse impact on our financial condition and cash flows. If the systems and process laid by us to identify the NPAs fail or are not able to identify the NPAs correctly and in a timely manner, it can adversely impact our financial position. Our NPAs may increase in the future and any significant increase in NPAs may have a material adverse effect on our financial condition and results of operations.

Any increase in NPI could adversely affect our business and future financial performance. The Bank's gross non-performing investments were at ₹674.94 million, ₹1,154.08 million and ₹92,223.76 million as of March 31, 2018, March 31, 2019 and March 31, 2020, respectively. The Bank's provision coverage ratio for investments (specific provisions as a percentage of gross non-performing investments) as of March 31, 2020 was 74.01%, as compared to 85.59% and 89.82% as of March 31, 2019 and March 31, 2018, respectively. The rise in gross non-performing investments during the fiscal year ending March 31, 2020 was largely on account of slippage of investments in the bonds of two stressed corporate groups which were further impacted by the macroeconomic slowdown in the infrastructure industry and liquidity constraints in the NBFC industry.

Our total outstanding standard restructured advances including advances under the former Strategic Debt Restructuring ("**SDR**"), Sustainable Structuring of Stressed Assets ("**S4A**") and 5:25 Flexible Structuring Scheme ("**5:25**") schemes were ₹3,376.49 million, ₹2,079.87 million and ₹1,716.80 million as of March 31, 2018, 2019 and 2020, respectively. We restructure assets based on a borrower's potential to restore its financial health. However, there can be no assurance that borrowers will be able to meet their obligations under restructured advances and, even if they are able to do so, certain assets classified as restructured may have to be subsequently re-classified as delinquent according to regulatory requirements. Any resulting increase in delinquency levels may adversely impact our business, financial condition and results of operations.

Our ability to resolve our loans and NPAs and enforce collateral and security is subject to inter-creditor arrangements with other lenders, various regulations and multiple regulators with concurrent jurisdiction, which may impact the timing of our enforcement actions as well as the total amount we recover.

As previously observed by the RBI, the NPAs reported by us may be lower than the amount assessed by the RBI, and such divergences in identification of NPAs had in the past impacted our financial condition, including by way of increased provisioning requirements. The divergences in the Bank's gross NPAs as on March 31, 2016, 2017 and 2019 are ₹41,767.00 million, ₹63,551.99 million and ₹32,770.00 million, respectively. In addition, we are required by applicable RBI regulations to extend 40.00% of our adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher, to certain "priority sectors" including, *inter alia*, the agriculture sector, education, social infrastructure and housing.

Any economic difficulties or downturn under such priority sectors, would have material adverse effect on our operations and financial situation. In addition, economic downturns experienced in these priority sectors would likely have a material and direct adverse effect on our NPA levels and the increasing number of 'red flagged accounts'.

The RBI has, by way of its circular dated June 7, 2019, established a new regulatory framework for resolution of stressed assets ("**Revised Framework**"). Pursuant to the Revised Framework, in case of a restructuring, the accounts classified as 'standard' shall be immediately downgraded to 'substandard' as NPAs at the outset.

The NPAs, upon restructuring, would continue to have the same asset classification as prior to restructuring. Such accounts may be upgraded only when all the outstanding loan and facilities in the account demonstrate 'satisfactory performance', where payments in respect of the borrower entity are not in default at any point in time, during the 'specified period' as defined in the Revised Framework. For large accounts where the aggregate exposure of the lenders is more than ₹1 billion, any upgrade shall be subject to an additional requirement of an "investment grade" credit rating of the borrower's credit facilities. Further, if the satisfactory performance is not demonstrated during the monitoring period, any upgrade of the account shall be subject to implementation of a fresh restructuring/change in ownership under the Revised Framework and the bank shall make an additional provisioning, along with other provisioning, in terms of the Revised Framework, which may have a material and adverse effect on our business, financial condition, and results of operations.

Pursuant to the Revised Framework, existing guidelines and schemes for debt resolution such as revitalising distressed assets, CDR, flexible structuring of existing long-term project loans, SDR, change in ownership outside SDR, and S4A have been withdrawn. In addition, the guidelines and framework for joint lenders' forum has also been discontinued. According to the Revised Framework, the lenders must identify incipient stress in loan accounts immediately on default by classifying stressed assets as special mention account.

Separately, the RBI pursuant to its circulars dated March 27, 2020, April 17, 2020 and May 23, 2020, to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses, has directed banks to maintain status quo with regard to the classification of accounts of the borrowers as they existed on February 29, 2020 and provide a moratorium from March 1, 2020 until August 31, 2020.

The RBI, pursuant to its circular dated April 17, 2020 on "COVID19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets", provided instructions in relation to the extension of resolution timelines under the Revised Framework. For details, please see "*Key Regulations and Policies in India - Other Laws - COVID -19 Regulatory* Framework" on page 231.

Any of these factors could have a material adverse effect on our Bank's results of operations and financial condition, including its revenues, costs structure, liquidity, cash flows, asset quality and growth.

2. ***Our auditors have issued their report to the audited consolidated and standalone financial statements with certain qualifications and highlighted that a material uncertainty exists relating to our going concern.***

Our auditors, in relation to our audited consolidated and standalone financial statements as of and for the year ended March 31, 2020, issued a qualified opinion in their report to the audited consolidated and standalone financial statements, including observations relating to our going concern.

The audit qualifications relate to the Bank's breach of RBI requirements on minimum CET I and Tier I capital ratios which was due to an increase in the provision for advances on a prudent basis. Despite the write back of the Bank's AT I bonds, the Bank is still in breach of its Tier I capital ratio as at March 31, 2020. There is uncertainty around the RBI's potential action for such breaches. In addition, the Bank had received whistle-blower complaints that alleged irregularities in the Bank's operations, potential conflicts of interests in relation to the former Managing Director and Chief Executive Officer, Rana Kapoor, and allegations of incorrect NPA classifications. The Bank conducted an internal enquiry and commissioned an independent investigation by an external firm. An investigation was launched by the Enforcement Directorate, which led to the arrest of Rana Kapoor. The impact of the foregoing matters are uncertain given that the enquiries and investigations are ongoing. See also "*Risk Factors – We have received and may in the future receive multiple anonymous and whistle blower complaints, which may adversely affect our reputation, business, financial condition and results of operation.*"

Our independent auditors also highlighted that as at March 31, 2020, a material uncertainty exists relating to our going concern. The uncertainty arose from the following indicators of financial stress, including *inter alia*, a significant decline in the Bank's deposit base due to the moratorium and the increase in the Bank's Net NPA ratios resulting in breach of loan covenants on its foreign currency debt and credit rating downgrades resulting in partial prepayment of foreign currency debt linked to external credit rating. The Bank also breached the RBI's minimum SLR and LCR requirements and accordingly created a provision for the potential penalty on the SLR breach. Measures were implemented to ameliorate the situation, including a moratorium on the Bank which was imposed effective March 5, 2020 and vacated on March 18, 2020, supersession of the Board and the YES Bank Reconstruction Scheme, 2020. The Bank had also written down AT I bonds and this is now being challenged. In the opinion of the Bank, based on the financial projections, capital infusion, lines of liquidity provided by the RBI and the YES Bank Reconstruction Scheme, 2020, the Bank will be able to realize its assets and discharge its liabilities in its normal course of business and the financial statements have therefore been prepared on a going concern basis. However, as such assumption is also dependent on the Bank's ability to achieve improvements in liquidity, asset quality and solvency ratios, and mitigate the impact of COVID-19, a material uncertainty therefore exists.

Our independent auditors' report also included certain emphasis of matters, including that the Bank has a deferred tax asset which has a reasonable opportunity of being realised and that the Bank made an additional provision for NPAs, over and above the minimum RBI norms, on a prudent basis.

For more information on the auditors' qualification, including the basis for the qualified conclusion, please refer to the auditors' examination report to the Restated Financial Statements and the auditors' report to the audited consolidated and standalone financial statements See "*Independent Auditors*" on page 418 and "*Financial Statements*" on page 264.

If, at a future date, we are required to restate our historical financial statements to account for the effects of matters highlighted by our auditors, the results of operations and financial position of our Bank may be negatively impacted. There can be no assurance that these qualifications will not be repeated in future, or that our auditors will not qualify their opinions on their audit reports on the financial statements of our Bank in the future. Such a qualification in future audit reports, or any restatement of our historical financial statements, may negatively impact investors' confidence in the financial statements of our Bank, which could adversely affect the ability of our Bank to obtain financing and, in turn, have a material adverse effect on our business, financial condition, results of operations and cash flow.

3. ***Non-compliance with the RBI's observations may have a material adverse effect on our reputation, business, financial condition and results of operation.***

We are subject to periodic inspections by the RBI under the Banking Regulation Act, based on which the RBI may point out deficiencies in our operations and take necessary action. The last RBI inspection was for fiscal year 2019. In the past, certain observations were made by the RBI during the course of such inspections, and while we endeavour to comply with all regulatory provisions applicable to us and to address any deficiencies identified by the RBI, in the event we are not able to comply with the observations made by the RBI pursuant to such inspections, we could be subject to supervisory actions and penalties which may have a material adverse effect on our reputation, business, financial condition and results of operations.

4. ***We have previously been fined by the regulators due to non-compliance with the guidelines relating to the recognition of NPAs.***

The RBI assesses regulatory compliance by the banks with prudential standards on income recognition, asset classification and provisioning ("**IRACP**") as part of its supervisory processes. As a part of such review, the RBI identified divergences in our asset classification and provisioning for the fiscal years ended March 31, 2016, 2017 and 2019. The gross non-performing loans as of March 31, 2017, September 30, 2017 and December 31, 2019 include the accounts highlighted in the RBI Risk Based Supervision ("**RBS**") exercise for the fiscal years ended March 31, 2016, 2017 and 2019, respectively. The Bank has no disclosure requirements under the RBI regulations on disclosures of divergences in asset classification and provisioning pursuant to the conclusion of its RBI Annual Supervisory Process for the fiscal year ended March 31, 2018.

In connection with the divergences in asset classification for fiscal year ended March 31, 2016, the RBI issued a show cause notice to us on July 6, 2017, followed by a supplementary notice on August 24, 2017, with respect to violations of various regulations issued by RBI, including for delayed reporting of the information security incident involving our ATMs and non-compliance with directions issued by RBI on the IRACP. Based on our replies and oral submissions at personal hearings before RBI, the RBI had on October 23, 2017 imposed a monetary penalty of ₹60.00 million on us.

As part of the RBS exercise for fiscal 2016, 2017 and 2019, the RBI has pointed out certain retrospective divergence in Gross NPAs of ₹41,767.00 million, ₹63,551.99 million and ₹32,770.00 million in our asset classification and provisioning. The net impact of the aforementioned retrospective slippages due to divergence has been reflected in the annual financial statement for the year ended March 31, 2017, in the results for the quarter and half year ended September 30, 2017, and in the results for the quarter ended December 31, 2019. The net impact on the profits of fiscal year 2016, 2017 and 2019 are ₹5,610.63 million, ₹10,139.68 million and ₹6,362.48 million respectively.

From April 1, 2019, banks are required to disclose divergences, if either or both of the following conditions is satisfied (a) the additional provisioning for NPAs assessed by RBI exceeds 10.00% of the reported profit before provisions and contingencies for the reference period, and (b) the additional gross NPAs identified by RBI exceed 15.00% of the published incremental gross NPAs for the reference period.

Any such divergences identified by the RBI in its future review process, may lead to fines and an increased level of NPAs and provisions in the subsequent fiscal year. This may in turn adversely impact our business, financial conditions and results of operations and may also materially adversely affect the trading price of the Equity Shares. Any further review on asset quality by the RBI, during specific or general inspection, can result in additional classification of our loans as NPAs. This may therefore increase our provisioning requirements and materially impact our business, financial results, results of operations and cash flows in the future.

Further, we have received queries from RBI, SEBI and NSE in relation to a press release issued by us on February 13, 2019, where we indicated that there was nil divergence in our asset classification and provisioning from the norms prescribed by the RBI, as was observed by the RBI in its risk assessment report for fiscal year 2018. The queries were to clarify, amongst other things, the reasons for disclosure of confidential information, and disclosure of selective information and not other lapses and regulatory breaches which were also indicated in the RBI inspection report. We have received a show cause notice dated May 28, 2019 from SEBI in relation to the above mentioned press release. On August 28, 2019, our Bank settled the matter with SEBI in accordance with the SEBI (Settlement of Administrative and Civil Proceedings) Regulations 2014, pursuant to which the Bank paid ₹5.16 million as settlement charges.

Inspection by the RBI is a regular exercise and is carried out periodically by the RBI for all banks and financial institutions based on which the RBI may point out deficiencies in our operations and take necessary action. We have, in the past, received reports from the RBI on areas of deficiencies and their recommendations based on the RBI's norms. The RBI's interpretation and application of such norms and any new norms may be different from that of us. While we may channel additional resources to liaise with the RBI on an ongoing basis to comply with its requirements, there can be no assurance that we will be able to resolve the deficiencies to the RBI's satisfaction which may result in a restriction on our ability to conduct our business as currently conducted and may impact our financial condition and results of operations. In the event we are unable to comply with the observations made by the RBI, we could also be subject to penalties and restrictions which may be imposed by the RBI, which may have a material adverse effect on our reputation, financial condition and results of operations.

5. ***Non-compliance with the RBI's regulation on our exposure to our counterparties may subject us to adverse actions by the RBI which may affect our business and operations***

We are required to adhere to certain exposure norms as a bank's exposure to its counterparties which result in concentration of its assets to a single counterparty or a group of connected counterparties. The RBI has, on June 3, 2019, amended the existing December 1, 2016's guidelines on large exposures framework to align the exposure norms for Indian banks with the Basel Committee on Banking Supervision standards. Pursuant to the framework, the sum of all exposure values of a bank to a counterparty or a group of connected counterparties is defined as a "Large Exposure" ("**LE**"), if it is equal to or more than 10% of the bank's eligible capital base (i.e., Tier I capital) and the bank is required to report their LE to the RBI and Department of Banking Supervision, Central Office. Further, exposure to a single counterparty or to a group of connected counterparties must not be higher than 20% (extendable up to an additional 5% by the board of the banks during exceptional circumstances) and 25% of our available eligible capital base (increased to 30% for temporary period till June 30, 2021 pursuant to RBI notification dated May 23, 2020), respectively. For details, please see "*Key Regulations and Policies in India - Master Circulars and Directions of Reserve Bank of India – Exposure Norms"* on page 220.

Accordingly, the applicable single counterparty LE limits for the Bank as on March 31, 2020 amounted to ₹31,030.53 million and the applicable group counterparty LE limits for the Bank as on March 31, 2020 amounted to ₹38,788.17 million. As on March 31, 2020, the Bank is in breach of its exposure limits to eight groups of connected counterparties and two single counterparties. The Bank was in breach of its exposure limits in three out of the eight groups of connected counterparties since the time of implementation of this circular and the five incremental breaches were mainly due to loss incurred by the Bank in the fiscal year 2020 resulting in lower eligible capital base. As of the date of this Prospectus, after considering the revised temporary applicable exposure limit of 30% of the Bank's eligible capital base for a group of connected counterparties, there are five groups of connected counterparties in respect of which the Bank remains in breach of its stipulated exposure limits. Further, as of the date of Prospectus, the Bank is in breach of its exposure limits in respect of one single counterparty.

In terms of the circular, any breach of the LE limits shall be under exceptional conditions beyond the control of the bank and the breach is required to be reported to the RBI (Department of Banking Supervision, Central Office) immediately and promptly rectified. The Bank continues to keep the RBI informed on the status of the breaches and the detailed course of action towards regularizing these breaches. There can be no assurance that we will not be subject to adverse actions by the RBI which may affect our business, financial condition, results of operations and prospects.

6. ***We are in breach of certain restrictive covenants contained in our financing arrangements and if the lenders choose to exercise their rights for any such breach, it may have an adverse effect on our business, cash flows, financial condition and results of operations.***

Some of our agreements contain covenants that may be onerous and commercially restrictive in nature. For example, some of our borrowing agreements impose a condition on us to inform the respective counterparties in the case of any change in control or amalgamation, demerger/merger or restrict payment of dividends if any event of default has occurred. Further, some of our borrowing agreements also require us to obtain prior written consent for certain acts such as amendments to constitutional documents or to create any security except in the normal course of business. The terms of our outstanding debt require us to comply with various covenants and conditions, such as maintaining certain financial ratios which are tested periodically.

As of the date of this Prospectus, after taking into account the waivers that are currently valid, we are in breach of seven facility agreements entered into with five of our lenders, in relation to the covenants to maintain our credit ratings and certain financial ratios, including capital and asset quality related ratios. As of the date of this Prospectus, the aforesaid facility agreements represent ₹54,439.43 million of our borrowings and 2.48% of our total indebtedness as at March 31, 2020. The Bank has reported the details of its financial ratios at the pre-defined intervals to each of the seven lenders. We have been in breach of the covenants over the last 12 months. Pursuant to the terms of these facility agreements, such breaches constitute events of default permitting the lenders to declare the amounts outstanding under the corresponding documents to be due and payable prior to its stated maturity. Further, such default or any acceleration of the amount outstanding by the lenders may also result in cross-acceleration or cross-defaults under certain other facility agreements, resulting in the outstanding amounts under such other facility agreements becoming capable of being declared due and payable prior to its stated maturity. As of the date of this Prospectus, none of the lenders has declared the amounts outstanding under the relevant facility agreements to be due and payable prior to its stated maturity.

In addition, pursuant to the terms of certain of our financing agreements, a decline in our external credit ratings over a prescribed period had permitted the lenders under certain of the facility agreements to declare the amounts outstanding to be due and payable prior to its stated maturity. Accordingly, we have voluntarily prepaid U.S.$1,180 million of such borrowings during fiscal year 2020 before such mandatory prepayment event has occurred.

We have in the past received waivers for our breaches. As of the date of this Prospectus, we are in discussions with the relevant lenders to obtain waivers in respect of the breaches under the facility agreements. We have received waiver from one of our lenders for the breach of our covenants under the relevant facility agreement for the period from December 31, 2019 to June 30, 2020, and another facility agreement for the period up to September 30, 2020. We have also received waiver from the bondholder under our debt instrument to waive the existing breach from December 2019 to September 30, 2020.. There can be no assurance that we will be able to obtain waivers from other lenders for our existing breaches or the lenders under the facilities will not declare the amounts outstanding under the relevant facility agreements and the debt instrument to be due and payable prior to its stated maturity, which may result in further damage to our liquidity position. Our lenders could seek to modify the terms of the existing financing arrangements in ways that are commercially adverse to us. There is also no assurance that we will be in compliance with our financial covenants in the future.

7. ***Payment of interest in relation to our outstanding hybrid debt capital instruments is subject to certain regulatory restrictions prescribed by the Reserve Bank of India.***

Pursuant to the regulatory requirements for hybrid debt capital instruments, approval from the RBI is required for debt servicing (including principal repayments) in the event that the impact of the such debt servicing may result in net loss or increase the net loss and is not liable to service the debt if its breaches the minimum regulatory CRAR prescribed by the RBI.

The coupon payment amounting to ₹84 million with respect to our ₹820 million Basel II Tier I bonds was due on March 5, 2020. While we submitted an application for the payment of interest on March 5, 2020, the RBI did not permit the payment of interest on account of lower capital ratio. Similarly, interest payment amounting to ₹61.5 million with respect to our ₹600 million Upper Tier II bonds was due on June 29, 2020 and while we submitted an application for the payment of interest on May 15, 2020, the RBI did not permit the payment of interest on account of lower capital ratio.

There can be no assurance that there would be no breach in our regulatory capital ratios in future, which could continue to result in non-payment on our debt servicing for some of our instruments where payments are linked to capitalisation thresholds by existing regulations, increased coupon rate (some of our bonds have a step-up option in the event the call option is not exercised by the call date), affect scheduled or on-demand repayments of these debt obligations and, thereby, cause our credit ratings to downgrade. As a consequence, the cost of incurring debt by our Bank in the future may go up.

Further, we were required to obtain prior consent from the RBI before making the coupon payment amounting to U.S.$2.60 million for our U.S.$75 million Upper Tier II bonds, due on March 15, 2020. However, our Bank made the payment without obtaining such prior consent. There can be no assurance that the RBI will not impose any penalty or take any action against the Bank in relation to the technical non-compliance of the applicable requirements.

8. ***We are exposed to certain NPAs concentrations with respect to the size of our corporate loans, the nature of our micro, small and medium-sized enterprises loans, and our loans to priority sectors, for example, resulting in increased risk of higher NPAs levels.***

Our gross NPA increased to ₹328,775.88 million in fiscal year 2020 from ₹78,825.59 million for the fiscal year 2019. As the average size of corporate loans in our loan portfolio is substantially larger than the average size of our retail loans, any major default in our corporate loan portfolio could significantly impact our overall portfolio of assets. Moreover, not only are corporate loans larger in size on average, but they also make up a larger portion of our overall loan portfolio than retail loans, meaning the potential risk is increased by large loans making up a large portion of our portfolio. Although we are in the process of rebalancing our portfolio for less corporate loans in favor of more retail loans in order to diversify, there can be no assurance that we will complete this process in a timely manner, or at all. Until such time, we have a disproportionate amount of exposure to corporate loans. If we are unable to successfully monitor and manage our portfolio, in particular with respect to corporate loans, including during economic downturns, our asset quality, financial condition and results of operation, could be materially and adversely affected. Adverse asset quality, lower return on equity and return on assets resulting from higher GNPA and NNPA may continue in the future and have a material adverse effect on our business, financial condition and results of operations.

The Bank's Medium Enterprises advances have decreased from ₹197,186.42 million as of March 31, 2018 to ₹134,186.61 million as of March 31, 2020 and had a gross NPA ratio of 2.06% as of March 31, 2020. Further, the Small & Medium Enterprises and Retail Banking advances portfolio of the Bank has grown from ₹457,121.20 million as of March 31, 2018 to ₹622,768.72 million as of March 31, 2020 and had a gross NPA ratio of 1.38% as of March 31, 2020. Given the nature of the targeted borrowers, Retail Banking and Medium, Small and Micro Enterprises advances may carry a higher risk of delinquency if there is a prolonged recession or a sharp rise in interest rates. As a result, we may be required to increase our provision for defaulted advances.

In addition, we are required by RBI regulations to extend a minimum aggregate of 40.00% of our adjusted net bank credit ("**ANBC**") or credit equivalent amount of off-balance sheet exposure, whichever is higher, to certain eligible **"**priority sectors**"**, such as agriculture, MSMEs, export credit, education, housing, social infrastructure and renewable energy. Economic difficulties may affect borrowers in priority sectors more severely. Economic downturns experienced in priority sectors could further increase our level of NPAs. On May 8, 2020, the Food and Agriculture Organization of the United Nations confirmed the spread of locust upsurge to India. The upsurge, if not controlled, can pose serious threat to agriculture and is likely to affect borrowers in priority sectors. There can be no assurance that the percentage of NPAs that we will be able to recover will be similar to our past experience of the recoveries of NPAs. If we are not able to adequately control or reduce the level of concentration of our NPAs, the overall quality of our loan portfolio could deteriorate, which may have a material adverse effect on our business, financial condition and results of operations.

We also have investments in security receipts arising from the sale of assets to asset reconstruction companies. These investments amounted to ₹15,532.65 million or 0.79% of our gross advances as of March 31, 2020. There can be no assurance that asset reconstruction companies will be able to recover these assets and redeem its investments in security receipts and that there will be no reduction in the value of these investments.

9. ***In the course of our business, we are exposed to loan concentrations with respect to specific borrowers and also corporate borrowers in general and defaults by them would adversely affect our business, financial condition, results of operations and prospects.***

As of March 31, 2018, 2019 and 2020, the Bank's top 20 advances totalled ₹484,353.89 million, ₹617,993.23 million and ₹439,799.02 million, respectively, which represented 12.72%, 13.28% and 11.62%, respectively, of the Bank's total advances. For this purpose, advances are calculated in accordance with the definition of "Credit Exposure" in RBI Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015. The Bank's top 20 exposures totalled ₹556,575.44 million, ₹677,765.38 million and ₹497,206.14 million as of March 31, 2018, 2019 and 2020, respectively, which represented 13.68%, 13.54% and 12.56%, respectively, of our total exposures. For this purpose, total exposures shall include credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). The sanctioned limits or outstandings, whichever are higher, shall be calculated for the purposes of determining the exposure limit. Any deterioration in the credit quality of these assets could have a significant adverse effect on the Bank's credit portfolio quality and future financial performance.

In addition, as of March 31, 2018, 2019 and 2020, advances to the corporate sector totalled ₹1,381,025.01 million, ₹1,583,428.24 million and ₹957,477.62 million, respectively, which represented 67.85%, 65.57% and 55.85%, respectively, of our total advances. Several of our corporate borrowers in the past suffered from low profitability because of subdued demand conditions, a sharp decline in commodity prices, high debt burden, loan concentration in a few sectors and high interest rates in the Indian economy at the time of their financing, among other things.

In the aftermath of the Infrastructure Leasing & Financial Services crisis in September 2018, the financial sector had been heavily constrained from a liquidity stand-point. Furthermore, rising defaults in power and infrastructure sectors in the second half of 2019 had taken a toll on the stressed book of various banks and non-banking financial companies. In this macro environment, given its low capital covers, the Bank has been adversely impacted on account of elevated slippages in its corporate book especially in the power and infrastructure sector.

The Bank's exposure to corporate borrowers is dispersed throughout various industry sectors, the most significant sectors include construction, electricity (generation/transmission and distribution), iron and steel, social and commercial infrastructure, gems and jewellery, telecommunication, vehicle parts and transport equipment and vehicles, which represented 9.75%, 5.44%, 3.10%, 1.93%, 1.00%, 2.82% and 2.13%, respectively of our outstanding total balances as of March 31, 2020. An economic slowdown and a general decline in business in any industry sectors, among other factors, could impose stress on these corporate borrowers' financial soundness and profitability. Accordingly, this concentration of lending to the corporate sector exposes us to increased credit risk to these borrowers in particular and may lead to an increase in the level of our NPAs, which could in turn adversely affect our business, including our ability to grow, the quality of our assets, our financial condition and our results of operations.

We are exposed to risk of significant deterioration in the performance of a particular sector which may be driven by events not within our control and could increase the level of our NPAs. For instance, we have had significant exposures to an infrastructure conglomerate, with such entities having defaulted in several loan repayment obligations to us. There have also been certain reports and allegations against other NBFCs in India, a sector experiencing tight liquidity in recent times. These instances have led to volatility in the Indian debt and equity markets and heightened investors' concern about the systemic risks that Indian financial institutions face. Difficulties in the Indian banking sector may also affect the ability of borrower-NBFCs to make timely repayments to us, or at all, which could increase the level of our NPAs.

We have also experienced concentration risks resulting from excess exposure in terms of advances and stressed assets to certain customers/borrower groups. While our portfolio contains loans to a wide variety of businesses, there can be no assurance that financial difficulties in any of these industrial sectors will not increase the level of NPAs and restructured assets, and will therefore adversely affect our business, financial condition, results of operations and prospects.

10. ***We have received and may in the future receive multiple anonymous and whistle blower complaints, which may adversely affect our reputation, business, financial condition and results of operation.***

We have received and may in the future receive multiple anonymous and whistle blower complaints that can have a material effect on our reputation, business, financial condition and results of operation. For instance, the Bank became aware in September 2018 of an anonymous complaint made to the stock exchange alleging, amongst other things, irregularities in the Bank's operations including end use monitoring of loans, potential conflicts of interest in relation to the former Managing Director and Chief Executive Officer, Rana Kapoor and allegations of incorrect NPA classification. The Bank conducted an internal enquiry into these allegations, which was carried out by the Bank's management and supervised by the Board of Directors. The enquiry resulted in a report that was reviewed by the Board in November 2018. Based on further inputs and deliberations in December 2018 and January 2019, the Audit Committee of the Bank engaged an external firm to independently examine the matter. The Bank, at the direction of the Audit Committee and with the assistance of this external firm analysed the allegations in the anonymous complaint. In April 2019, the Bank received the Phase 1 report from the external firm and based on further review and deliberations, the Bank directed a second phase of investigation from the same firm. Further, during the fiscal year ended March 31, 2020, we received forensic reports commissioned by other consortium bankers on certain borrower groups, which provided more information regarding the abovementioned allegations. Our NRC also directed us to obtain an independent legal opinion with respect to these matters. In February 2020, we received the final Phase 2 report from the abovementioned external firm. We are in the process of evaluating all the reports and concluding if any of the findings have a material impact on our financial statements and processes and which require further investigation. We have presented all the available reports to the newly constituted Board of Directors and the Audit Committee for guidance and recommendations on further actions. The guidance and recommendations have also been discussed and form part of the basis of the qualified audit opinion for the year ending March 31, 2020.

Further, the Bank has also received certain complaints from April to June of 2019, which amongst other things, relate to certain tax practices of the Bank and certain management and governance related aspects of the Bank, including the policies of the Bank on management remuneration, appointment of certain directors on our Board and the management organization structure. In addition, the Bank also received certain anonymous complaints from August to October 2019, December 2019 and February 2020 against certain directors on our former Board, and in November 2019 and March 2020 against some employees, including members of the senior management as well as the then Managing Director and Chief Executive Officer of the Bank, Ravneet Gill. The Nomination and Remuneration Committee of the Bank in December 2019 noted the complaints and took appropriate actions to address the complaints, including the appointment of internal committees to examine the substantive allegations of such complaints. The said open complaints were placed at the Board meeting, Audit Committee and NRC meetings in March 2020 and June 2020 and the NRC recommended that the said complaints would be independently reviewed by an external firm and the report of the same would be placed at the next NRC meeting. In January 2020, the then Chairman of the Audit Committee of the Bank, Uttam Prakash Agarwal, highlighted certain concerns around corporate governance and other operational matters. The Bank has received the report on the allegations made by the Chairman of the Audit Committee from an external firm engaged by the Board. Based on the report, the Board of Directors noted that neither technical errors were made during the board proceedings nor were there any substance with respect to the allegations. The external firm has also submitted their report in relation to the improvement of corporate governance practices, internal controls and processes of the Bank.

We have presented the reports to the newly constituted Board of Directors and the Audit Committee for guidance and recommendations on further actions. The guidance and recommendations have also been discussed and formed part of the basis of the qualified audit opinion for the year ending March 31, 2020. The final findings from the inquiries for these complaints, including other anonymous letters and whistle blower complaints that we may receive may result in fines and/or corrective actions, and adversely impact our reputation, which could consequently adversely impact our business, financial condition and results of operation.

11. ***The recent moratorium imposed on the Bank has adversely impacted our reputation.***

The recent moratorium imposed on us has adversely influenced our reputation and caused a dent in depositors' confidence. Depositors concerned with our ability to return any money they have saved with the Bank had the knee-jerk reaction to withdraw their deposits with the Bank, resulting in a decrease in our deposits.

On March 5, 2020, the Board was superseded by the RBI in consultation with the Central Government under section 36ACA of the Banking Regulation Act, 1949. A new Board of Directors, Chief Executive Officer and Managing Director and Non-Executive Chairman have also been identified and appointed pursuant to the "YES Bank Limited Reconstruction Scheme 2020". While the Reconstruction Scheme, including the aforesaid major changes to the Bank's managerial personnel, is put in place to restore confidence in the Bank, we cannot ensure that depositors, lenders and investors will gain or regain their confidence in us and they may choose to deposit in, lend and invest in other banks instead. This could consequently adversely impact our business, financial condition, results of operation and our competitive position in the industry. There can also be no assurance that the Bank will not be subject to another moratorium in future.

12. ***We may not generate enough taxable profit to offset the outstanding Deferred Tax Asset (DTA) in our accounts.***

We have a total deferred tax asset of ₹82,809.96 million as at March 31, 2020. Although we reported a loss of ₹164,325.80 million for the year ended March 31, 2020, we recorded a taxable profit for the fiscal year 2020. Moreover, during the quarter ended September 30, 2019, we had elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, we recognised provision for income tax and re-measured its deferred tax assets on the basis of the rate prescribed in the Income Tax Act and recognized the effect of this change by revising the annual effective income tax rate. The rate of income tax was revised from 34.944% to 25.168%. The re-measurement of accumulated deferred tax asset resulted in a one-time additional charge of ₹7,086.10 million.

In addition, the Bank has a total deferred tax asset of ₹82,809.96 million as at March 31, 2020. We continue to carry such deferred tax asset in our balance sheet. As per the requirements of AS 22 — Accounting for Taxes on Income, based on the financial projections prepared by the Bank and approved by the Board of directors, the Bank has assessed that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, the assumptions used in the forecasts may not pan out as projected and we may not generate enough taxable profits to realise the outstanding deferred tax asset. In the event that we may have to write off the deferred tax asset, it may impact our profits during that period and may also result in losses.

The audit reports issued by the independent auditors on the audited consolidated financial statements and the audited standalone financial statements as at and for the year ended March 31, 2020 included an emphasis of matter in relation to the foregoing matter.

13. ***A global outbreak of an infectious disease such as COVID-19 or any other serious public health concerns in Asia or elsewhere could have a material adverse effect on our business, financial condition and results of operations.***

The outbreak of a pandemic or an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, around the world could have a negative impact on economies, financial markets and business activities worldwide and which in turn could have a material adverse effect on our business, financial condition and results of operations. Since December 2019, there is an ongoing outbreak of the 2019 novel coronavirus ("**COVID-19**") which has affected countries globally. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a **"**Public Health Emergency of International Concern" and on March 11, 2020, it was declared a pandemic. Between January 30, 2020 and the date of this Prospectus, the COVID-19 disease has spread to many other countries, with the number of reported cases and related deaths increasing daily and, in many countries, exponentially.

There have been border controls, lockdowns and travel restrictions imposed by various countries, including India, as a result of the COVID-19 outbreak. Several countries' governments and numerous companies have imposed increasingly stringent restrictions to help avoid, or slow down, the spreading of COVID-19, including, for example, restrictions on international and local travel, public gatherings and participation in meetings, as well as imposition of lockdown measures such as closure of non-essentials services, universities, schools, stores, restaurants and other key services providers, with some countries imposing strict curfews. Such outbreak of an infectious disease together with these restrictions and measures have resulted in protracted volatility in domestic and international markets and/or may result in a global recession and may adversely impact our operations, revenues, cashflows and profitability. In particular, the COVID-19 outbreak has caused stock markets worldwide to lose significant value and has impacted global economic activity. A number of governments have revised gross domestic product growth forecasts for 2020 downwards in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession.

A countrywide lockdown to contain the spread of COVID-19 has been in force in India since March 24, 2020, which was further extended, with certain modifications, till July 31, 2020. While the restrictions imposed during the lockdown are slowly being liberalised, there can be no assurance that this lockdown will not be extended further or that the relaxations provided will not be withdrawn if the spread of COVID-19 is not contained. The lockdown has, amongst others, forced factories, shops and offices in India to close down, resulting in a fall in power consumption, as industrial, trading, construction and many other economic activities have remained largely suspended. As a result, we may face delays associated with collection of payments from our clients, which are in the power infrastructure sector, due to such lockdown or economic slowdown caused by COVID-19, which may adversely affect our cashflows. This may be coupled with difficulty in accessing sources of financing as a consequence of volatility in domestic and international markets and/or a global recession. Further, we may also be required by the Government of India and/or RBI to provide loans to our clients at reduced rates, and/or restructure our loans, or agree to moratoriums with them. For instance, the RBI has permitted all commercial banks, co-operative banks, all-India financial institutions, and non-banking financial companies (including housing finance companies) to grant a moratorium of three months in respect of term loans made by them, on payment of all **"**instalments**"** falling due between March 1, 2020 and May 31, 2020. The RBI has also clarified that the asset classification of term loan accounts which benefit from this moratorium period will be determined on the basis of revised due dates and the revised repayment schedule. For fiscal year 2020, we recognised a general provision for COVID-19 deferment cases amounting to ₹2,378.42 million. If we had not availed of the benefit of the standard asset classification on advances which have availed the moratorium granted by the RBI, our GNPA as of March 31, 2020 would have been higher by ₹27,129.45 million. There can be no assurance that the payments due on such loans will be made or these loans will not be classified as NPAs in the future. Further, pursuant to the circular dated May 23, 2020, the RBI permitted the extension of the moratorium period by another three months to August 31, 2020. In accordance with the RBI guidelines relating to COVID-19 regulatory package, the Bank has offered a moratorium of six months on the payment of all unpaid instalments and/or interest, applicable, falling due between March 1, 2020 and August 31, 2020, to all eligible borrowers classified as "Standard" as at February 29, 2020. Such eligible borrowers had overdue exposures with a total outstanding amount of ₹150,105.54 million as of March 31, 2020, which may require us to make higher provisions and impact our overall profitability and growth. We may be required to recognise higher loan loss provisions in future periods, on account of the uncertainty in the external environment due to COVID-19, which may adversely impact our asset quality, potential recoveries, collateral monetization and profitability in future periods. Among customers who have opted in for the moratorium, the indicative ranges for corporate customers, micro, small or medium enterprises, and retail customers are 15% to 20%, 15% to 20%, and 20 to 25%, respectively. The value terms for corporate customers, micro, small or medium enterprises, and retail customers range from 40% to 45%, 35% to 40%, and 40 to 45%, respectively.

We continue to monitor developments closely as the COVID-19 pandemic develops. The impact of the COVID-19 pandemic on our business, cash flows, results of operation and financial condition, including liquidity, asset quality and growth, will depend on a range of factors which we are not able to accurately predict, including the duration, severity and scope of the pandemic, the geographies impacted, the impact of the pandemic on economic activity in India and globally, and the nature, severity , timeliness and effectiveness of measures adopted by governments. These factors include, but are not limited to:

- the deterioration of socio-economic conditions;
- disruptions to operations, including logistical disruptions, which have or may have impacted, amongst other things, our ability to monitor any new litigation or proceedings that may be initiated against us;
- reductions in customer demand for our products due to quarantine or other travel restrictions, economic hardship, or illness, which may impact our revenue and market share;
- ability of borrowers to repay instalments and/or loans;
- significant volatility in financial markets (including exchange rate volatility) and measures adopted by governments and central banks that further restrict liquidity, which may limit our access to funds, lead to shortages of cash or increase the cost of raising such funds;
- an adverse impact on our ability to engage in new initiatives, strategic transactions on agreed terms and timelines or at all;
- our ability to ensure the safety of our workforce and continuity of operations while conforming with measures implemented by the Central Government and the state governments in relation to health and safety of our employees, which may result in increased costs; and

an adverse impact on our ability to meet compliance or legal reporting requirements in a timely manner. For instance, in the past, we had been unable to file the relevant forms with the Registrar of Companies, Maharashtra at Mumbai with respect to changes in our Board of Directors on account of technical issues. A rapid increase in severe cases and deaths due to COVID-19 may cause unprecedented economic disruption in India and in the rest of the world. Risks arising on account of COVID-19 can also threaten the safe operation of our facilities, cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of our employees. These risks could have an adverse effect on our business, results of operations, cash flows and financial condition.

On May 12, 2020, India's Prime Minister announced a 20-trillion-rupee stimulus package worth 10% of the country's GDP to boost labourers and small businesses in India. For further details of other regulatory measures taken to mitigate the economic effects of COVID-19, please see "*Industry Overview*" on page 147.

However, the aforementioned factors and any other measures, which may be announced by the Government of India or the RBI, may have an adverse effect on our operating results, businesses, assets, financial condition, performance or prospects.

As of the date of this Prospectus, there is significant uncertainty relating to the severity of the near- and long-term adverse impact of the COVID-19 pandemic on the global economy, global financial markets and the Indian economy. We are unable to accurately predict the duration or scope of the COVID-19 pandemic or the near-term or long-term impact of the COVID-19 pandemic on our business. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this Prospectus, including those relating to cash flows.

In addition, influenza A H5N1 has had a profound effect on the poultry industry and Nipah virus encephalitis, is an emerging infectious disease of public health importance in Asia. India's southern state of Kerala was put under a lot of stress in May 2018 due to an outbreak of the Nipah virus. Asia is home to dynamic systems in which biological, social, ecological, and technological processes interconnect in ways that enable microbes to exploit new ecological niches. These processes include population growth and movement, urbanisation, changes in food production, agriculture and land use, water and sanitation, and the effect of health systems through generations of drug resistance.

There can be no assurance that the ongoing situation caused by the COVID-19 pandemic or a future outbreak of an infectious disease among humans or animals (if any) or any other serious public health concern will not have a material adverse effect on our business, financial condition and results of operations.

14. ***We are currently involved and in the future may be involved in legal proceedings, which may materially and adversely affect us.***

We are, and may in the future be, a party to various legal proceedings incidental to our business and operations. For further details in relation to the material legal proceedings involving our Bank, see "*Outstanding Litigations and Defaults*" on page 479. We cannot assure existing and prospective investors that these legal proceedings will be decided in our favor. Such litigation could divert management time and attention, and consume financial resources in their defense or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, financial condition, reputation and results of operations could be adversely affected.

On March 14, 2020, we had fully written down, as per the Basel III regulations, our Unsecured Perpetual Subordinated Basel III Compliant Additional Tier I Bonds issued on December 23, 2016 for an amount of ₹30,000 million and our Unsecured Perpetual Subordinated Basel III Compliant Additional Tier I Bonds issued on October 18, 2017 for an amount of ₹54,150 million. Subsequent to this decision, some of the bondholders, and the debenture trustee have filed writ petition challenging the decision of write down for proceedings and the matter is currently *sub judice*. Our Bank has also received complaints from certain retail bondholders alleging mis-selling of these written down bonds and the same has also been asserted in the writ petition filed by debenture trustee and bondholders. The matter currently is *sub judice* in the Bombay and Madras High Courts. For further details in relation to these proceedings, please see disclosure 5 under "*Outstanding Litigation and Material Development – Litigation involving our Bank – Litigation initiated against our Bank – Other pending proceedings*" on page 480. Further, brief details of material outstanding litigation that have been initiated by and against our Bank, Subsidiaries, Directors and Group Companies are set forth below.

Type of proceedings	Number of	Amount[(1)]

	cases	(₹ in million)
Cases against our Bank		
Criminal proceedings	3	N.A
Actions taken by statutory or regulatory authorities	1	N.A
Claims related to direct and indirect taxes	15	48,474.95
Other pending material litigation[(2)]	10	205,788.50
Total	29	254,263.45
Cases by our Bank		
Criminal proceedings	106	46,929.77
Actions taken by statutory or regulatory authorities	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Other pending material litigation	33	187,588.91
Total	139	234,518.68
Cases by our Subsidiaries		
Criminal proceedings	Nil	Nil
Actions taken by statutory or regulatory authorities	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Other pending material litigation	Nil	Nil
Total	Nil	Nil
Cases against our Subsidiaries		
Criminal proceedings	Nil	Nil
Actions taken by statutory or regulatory authorities	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Other pending material litigation	Nil	Nil
Total	Nil	Nil
Cases against our Directors		
Criminal proceedings	Nil	Nil
Actions taken by statutory or regulatory authorities	Nil	Nil
Direct and indirect taxes	Nil	Nil
Other pending material litigation	1	84,150
Total	1	84,150
Cases by our Directors		
Criminal proceedings	Nil	Nil
Actions taken by statutory or regulatory authorities	Nil	Nil
Claims related to direct and indirect taxes	Nil	Nil
Other pending material litigation	Nil	Nil
Total	Nil	Nil
Cases involving the Group Companies which have a material impact on our Bank		
NA	Nil	Nil
Total	169	572,932.13

Note:

(1) To the extent quantifiable.

(2) Includes five writ petitions filed by different parties with respect to the write off of the AT I bonds. While the amount involved in each of these writ petitions is ₹84,150 million, the liability of our Bank under all five petitions shall not exceed ₹84,150 million i.e. the amount of outstanding bonds.

There can be no assurance that the decision of the court in these matters will not be adverse against the Bank, which could adversely affect our business, financial condition, reputation and results of operations could be adversely affected.

15. *We are currently in breach of certain statutory requirements as to our financial ratios and may continue to be in breach of the same.*

As at March 31, 2020 and as on the date of this Prospectus, the Bank has breached the regulatory requirement of maintaining the minimum CET I ratio as per the requirements of the RBI. The Bank's CET I ratio as at March 31, 2020 was 6.3% as compared to the minimum requirement of 7.375%. This continuing breach is primarily on account of the increase in the provision for advances during the year ended March 31, 2020 as the Bank has decided, on a prudent basis, to enhance its PCR on its NPA /NPI over and above RBI required provisioning.

The Bank also breached the minimum SLR and LCR requirements of the RBI during the year ended March 31, 2020. We provided for ₹3,344.38 million for the probable penalty on the breach of the regulatory minimum SLR during fiscal year 2020. On March 17, 2020, RBI granted us a 90-day special liquidity facility and as a result, our SLR as at March 31, 2020 satisfied the regulatory requirement. Further, due to the on-demand clause under the terms of the special liquidity facility, we continued to be in breach of our LCR as at March 31, 2020. Subsequent to March 31, 2020, our deposit base was further reduced to ₹1,027,179 million as at May 3, 2020. Thereafter, the Bank was granted another 90-day special liquidity facility by the RBI on June 15, 2020 till September 12, 2020. Since the new special liquidity facility is not repayable on demand, the Bank is compliant with its minimum regulatory LCR requirements. The Bank has also raised Certificates of Deposit of ₹72,000 million as at March 31, 2020. Accordingly, while the Bank is not in breach of the regulatory minimum LCR and SLR requirements as of the date of this Prospectus, there can be no assurance that we will not breach the regulatory minimum LCR and SLR requirements in future or upon repayment of the special liquidity facility by RBI.

The Bank's loss after tax and AT I write back (exceptional income) for the year ended March 31, 2020 is ₹164,180.31 million. The Bank's CET I ratio is 6.3% (regulatory requirement with CCB of 7.375% which will increase to 8.0% from October 1, 2020) and Tier I capital ratio is 6.5% (regulatory requirement of 8.875% which will increase to 9.5% from October 1, 2020) as at March 31, 2020. The Bank has enhanced its PCR and strengthened its balance sheet. As of March 31, 2020, our CRAR under the RBI Basel III Capital Regulations was 8.5%, which was below the RBI's minimum CRAR requirement of 10.875% (Tier II ratio capped at 2%). The RBI's current framework on Prompt Corrective Action ("**PCA**") considers regulatory breaches in CET and CRAR, inter alia, as potential triggers. Accordingly, the Bank remains in constant communication with RBI on the various parameters and ratios. The RBI has not imposed any fine on the Bank for the regulatory breaches yet.

If the Bank does not raise capital or increase our level of deposits and liquid assets, we may breach our SLR requirements and continue to breach the statutory requirements of CET I ratio. There can be no assurance that there will be no future breaches of our statutory requirements. Such breaches may have an adverse impact on our business growth and, as a result, impact our business, financial condition and results of operations, especially if PCA is triggered.

In addition, the Central Government had on March 5, 2020, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 with effect from March 5, 2020 up to and inclusive of April 3, 2020. The RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded our Board of Directors on March 5, 2020. The write-down of certain Basel III additional tier I Bonds issued by the Bank was triggered pursuant to the decision to reconstitute the Bank under Section 45 of the Banking Regulation Act. Moreover, no depositor was permitted to withdraw more than ₹50,000 during the period of moratorium and the Bank was not allowed to grant new credit facilities to customers. While the moratorium has ended, the Bank is still in breach of various regulatory requirements and has also seen deposits withdrawal after the moratorium. There can be no assurance that the RBI will not undertake any action under the Prompt Corrective Action framework or that the RBI will not activate PONV under the Master Circular on Basel III Capital Regulations. There can also be no assurance that a further moratorium will not be imposed under section 45 of the Banking Regulation Act, 1949 resulting in potential losses to the Bank's equity or its creditors.

16. ***If the shareholding or control of government-controlled entities in our Bank increases, the regulatory environment in which we operate may change and may subject us to additional costs, obligations or compliance requirements***

As of June 30, 2020, SBI directly holds 48.21% of the equity share capital of our Bank. While we continue to be a private sector enterprise, any increase in the equity shareholding or extent of control of government-controlled entities in our Bank may require us to comply with additional regulatory requirements that public sector entities or government-controlled companies are required to follow.

Such compliances typically entail, amongst other things, a higher level of scrutiny by the Government of India or other authorities, which may lead to additional cost of compliances and may restrict our ability to conduct our business in line with our current practices, which may affect our business, financial condition and results of operation.

17. ***There is no assurance that our growth will continue at a rate similar to what we have experienced in the past, or at all. Our failure to manage growth effectively may adversely affect our business and we may be unable to sustain our recent level of financial performance and/or further improvements in our results of operations.***

While the Bank has experienced contraction in its balance sheet and business in the fiscal year ending 2020, it has experienced healthy growth rates from 2017 to 2019. The Bank's advances increased from ₹1,322,626.77 million as of March 31, 2017 to ₹2,414,996.02 million as of March 31, 2019 at a compounded annual growth rate ("**CAGR**") of 35.13%. The Bank's total deposits have increased from ₹1,428,738.57 million as of March 31, 2017 to ₹2,276,101.82 million as of March 31, 2019 at a CAGR of 26.21%. For year ended March 31, 2019, total assets increased from ₹2,150,599.18 million as of March 31, 2017 to ₹3,808,261.65 million as of March 31, 2019 at a CAGR of 33.07%. The Bank's current deposits and savings deposits ("**CASA**") decreased from ₹731,761.76 million as of March 31, 2018 to ₹280,268.36 million as of March 31, 2020 at a CAGR of (38.07)%. Similarly, our total net income has decreased from ₹129,608.93 million for fiscal year ended March 31, 2018 to ₹1,027,467.25 million for fiscal year ended March 31, 2020 at a CAGR of (11.08)%. Our operating profit (before provisions and contingencies) decreased from ₹77,481.13 million for fiscal year ended March 31, 2018 to ₹35,175.14 million for fiscal year ended March 31, 2020 at a CAGR of (32.62)%. However, the CASA ratio of the Bank (the ratio of our CASA deposits to total deposits, expressed as a percentage) was 26.63% as of March 31, 2020, which represented a decrease as compared to 33.06% as of March 31, 2019 and 36.45% as of March 31, 2018. The above parameters have seen a reduction in fiscal year 2020 due to the steep deposit outflow in early October 2019 on the account of a combination of events such as the significant decrease in the Bank's stock price due to invocation of the former promoter's pledged shares, IT glitches in our, as well as other financial institutions' mobile banking and online banking portals which resulted in customers not being able to complete their transactions, financial distress of another cooperative bank and the moratorium imposed on the Bank and other measures taken by the RBI including changes in management and the board in March 2020. Our total net income and operating profits were lower in fiscal year 2020 mainly due to significant increase in NPA and lower non-interest income driven by lower fee income.

As part of our growth strategy, our transaction banking group has been identified as our key area of growth. We will continue to invest resources to diversify our corporate, MSME and retail banking portfolio, with a focus on the retail and MSME business segments. We aspire to gain market share in strategically-selected customer segments, knowledge sectors and geographies while improving our productivity, profitability and efficiency. We will continue to develop products and services in order to become more competitive and develop a more balanced portfolio. Although our growth initiatives have contributed to our financial results in recent years, there can be no assurance that we will be able to continue to successfully implement this strategy. Any inability on our part to successfully diversify from a corporate bank to a diversified bank with a focus on retail driven growth may increase the risk that we may face from corporate defaults or any increases in non-performing assets ("**NPAs**") as a result of such industry concentration. Conversely, for the past few quarters, the Bank has strategically muted growth in lending due to capital conservation needs. We have, in the past, set targets for our growth and will continue to do so in the future. However, there can be no assurance that we will meet our current targets or any future targets. Our ability to execute our growth strategies and sustain our financial performance is influenced by market growth and depends primarily upon our ability to manage key issues such as selecting and retaining skilled personnel, establishing additional branches, raising adequate capital, maintaining a secure and efficient technology platform that can be regularly upgraded, developing a knowledge base to face emerging challenges and ensuring a high standard of customer service. In addition, our growth and financial performance is dependent upon the implementation of a successful risk management strategy. While we have a Risk Monitoring Committee that seeks to establish policies, frameworks and systems to effectively manage various risks, there is no assurance that such policies, frameworks and systems will adequately address the risks that we may face in the future, or that new risks will not arise which have not been anticipated. Sustained growth may put pressure on our ability to effectively manage and control historical and new risks, and our potential inability to effectively manage any of these issues may materially and adversely affect our business growth and, as a result, impact our business, financial condition and results of operations.

We also intend to continue to increase and diversify our customer base and delivery channels. In recent years, we have increased our branch network. Our number of branches has increased from 1,100 as of March 31, 2018 to 1,135 as of March 31, 2020. Our number of ATMs has decreased from 1,724 as of March 31, 2018 to 1,423 as of March 31, 2020. Our business correspondent agents grew from over 190,000 as of March 31, 2018 to more than 500,000 as of March 31, 2020. Such expansion will increase the size of our business and the scope and complexity of our operations, and will involve significant capital expenditure. We may not be able to effectively manage this growth or achieve the desired profitability in the expected timeframe, or at all, or meet the expected increase in our CASA ratio or improvement in other indicators of financial performance from the expansion. Some of our newly added branches are currently operating at a lower efficiency level compared with our established branches, and achieving our benchmark level of efficiency and productivity will depend on various internal and external factors, some of which are not under our control.

We have opened a representative office in Abu Dhabi and an International Finance Service Centre banking unit ("**IBU**") in GIFT City, Gandhinagar, Gujarat in 2015. Further, we incorporated YES Securities (India) Limited ("**YSIL**") in 2013, YES Asset Management (India) Limited ("**YAMIL**") and YES Trustee Limited ("**YTL**") as wholly-owned subsidiaries in 2017. YAMIL offers the services of an investment manager and YTL acts as a Trustee to YAMIL. Our subsidiary, YSIL, will complete seven years of operation in fiscal year 2020. Introducing these new businesses and expanding into new jurisdictions may expose us to a number of risks and challenges, including incurring capital expenditure, hiring and retaining skilled personnel, and developing an adequate knowledge base. In particular, our IBU in GIFT City is not a domestic banking branch and is therefore subject to different rules and regulations as compared to our domestic banking branches. As of March 31, 2020, we failed to maintain the minimum prescribed regulatory capital in terms of the RBI Circular on Scheme for setting up of IFSC Banking Units (IBU) by Indian Banks dated April 1, 2015, as amended ("**IBU Circular**"). As of the date of this Prospectus, the IBU is in compliance with the minimum prescribed regulatory capital, however, the IBU may still be subject to adverse actions by the RBI for failing to maintain the minimum prescribed regulatory capital at all times. In addition, as at March 31, 2020, the IBU is also in breach of its minimum regulatory LCR requirements. As on the date of Prospectus, IBU is in compliance with the minimum regulatory LCR. Any failure by our Bank to comply with the terms of the IBU Circular could result in penalties such as fines, suspension, withdrawal or termination of the licence, thereby, affect our business, financial conditions, operations and/or prospects. Further, as on March 31, 2020, the IBU was in breach of its exposure ceiling prescribed under the IBU Circular. In terms of the IBU Circular, exposure ceiling for IBUs shall be 5% of the parent bank's Tier I capital in case of a single borrower and 10% of parent bank's Tier I capital in the case of a borrower group. Accordingly, the applicable single and the borrower group limits for the IBU as of March 31, 2020 were ₹7,750 million and ₹15,510 million, however, the IBU has breached the applicable limit in relation to four single borrowers and one borrower group. While the IBU, pursuant to its letter dated June 8, 2020 has reported the breaches to the RBI along with the detailed remediation plan, the IBU may still be subject to adverse actions by the RBI. Further, the RBI, pursuant to its letter dated May 22, 2020, has directed that the IBU is no longer permitted to access Foreign Currency Non-Resident (Bank) deposits raised by the Bank or any other banks in India, and has required it to comply with the direction by May 22, 2021. This may impact the IBU's ability to disburse loans and meet its borrowing repayment related requirements and consequently, further affect its business, financial conditions, operations and/or prospects.

18. ***We have incurred loss in the fiscal year 2020 and have consequently recorded negative EPS in the fiscal year 2020. In the event that we continue to record negative EPS, it may adversely affect our business and financial condition.***

Particulars	**Financial year ended March 31, 2020**
	₹
Earnings per share (Basic)	(56.11)
Earnings per share (Diluted)	(56.11)

We have recorded a loss of ₹164,325.80 million as of March 31, 2020. There can be no assurance that we will not record a loss or negative EPS in the future, which may adversely affect our business and financial condition.

19. ***Some of our subsidiaries have been incurring losses for the past three years and our subsidiaries' auditors have expressed that a material uncertainty exists relating to going concerns of our subsidiaries.***

Our subsidiary, YAMIL, has been incurring losses over the past three years. Pursuant to the RBI master circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks, we have provided ₹403.30 million for the impairment of investment in our subsidiaries and we are accordingly required to provide more capital. The auditors of these subsidiaries, YAMIL and YTL, have also expressed that a material uncertainty exists relating to going concerns of our subsidiaries in their respective audit reports to the financial statements as of and for the year ended March 31, 2020. There can be no assurance that we will be able to provide sufficient capital infusion to our subsidiaries in the event that their regulatory capital requirements breach statutory limits. We may be required to undertake capital infusion into our subsidiaries to maintain their regulatory capital requirements, which will result in the outflows of our capital reserves and could potentially impact our ability to maintain our capital ratios above the statutory regulatory limits.

20. ***There can be no assurance that the amount of deposits with the Bank will increase or even remain at comparable levels.***

Our deposit base has seen a reduction from ₹2,275,579.03 million as at March 31, 2019 to ₹1,053,111.68 million as at March 31, 2020. Due to the steep deposit outflow in early October 2019 on the account of a combination of events such as the significant decrease in the Bank's stock price due to invocation of the former promoter's pledged shares, IT glitches in our, as well as other financial institutions' mobile banking and online banking portals which resulted in customers not being able to complete their transactions, financial distress of another cooperative bank. Also, in March 2020 on account of changes in management, the moratorium imposed on the Bank and other measures taken by the RBI. Decrease in credit rating, rising NPA level and uncertainty around capital raising leading to greater chances of breaching regulatory capital limits, there was a continuing breach in SLR and LCR during the fiscal year 2020. The Bank was granted a second 90-day special liquidity facility by the RBI on June 15, 2020 till September 12, 2020 to support its deposits among other things. The special liquidity facility is not repayable on demand. Accordingly, as of the date of this Prospectus, the Bank is not in breach of the regulatory minimum LCR and SLR requirements. However, there can be no assurance that the amount of deposits with the Bank will increase or even remain at comparable levels in future.

21. ***There can be no assurance that we will be able to access capital as and when we need it.***

Unless we are able to mobilise the necessary amounts of additional capital, any incremental capital requirement may adversely impact our ability to grow our business and may even require us to curtail or withdraw from some of our current business operations. Our capital adequacy ratio decreased from 18.4% as at March 31, 2018 to 16.5% as at March 31, 2019, and to 8.5% as at March 31, 2020, due to higher provisioning requirements. The inability to raise adequate capital in time may also further adversely affect our financial ratios, such as SLR and LCR. The RBI, pursuant to its letter dated June 15, 2020, granted the second 90-day special liquidity facility to the Bank for support of deposits and SLR maintenance, on account of measures being taken by the Bank to raise capital. For details, see "*Risk Factors - We are currently in breach of certain statutory requirements as to our financial ratios and may continue to be in breach of the same*" on page 37. The inability to raise adequate capital in time may also prevent us from rectifying our breach of LEF limits, in particular, Bank has proposed raising additional equity as part of its remediation plan to rectify the breach of the exposure ceiling limits by the IBU. For details, see "*Risk Factors - There is no assurance that our growth will continue at a rate similar to what we have experienced in the past, or at all. Our failure to manage growth effectively may adversely affect our business and we may be unable to sustain our recent level of financial performance and/or further improvements in our results of operations."* on page 38. On March 14, 2020, we allotted 10,000 million equity shares to the State Bank of India, Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Federal Bank Ltd, Bandhan Bank Ltd, and IDFC First Bank Limited, aggregating ₹100 billion. There can also be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us, or at all, and this may hamper our growth plans (apart from those that can be funded by internal accruals) and adversely impact our financial ratios.

22. ***Availability of funding and increases in funding costs could adversely affect our financial performance.***

Our current sources of funding (other than equity share capital and share premium) are primarily institutional and retail customer deposits, long-term Tier II debt, inter-bank borrowing, borrowings from RBI and perpetual debt instruments. Failure to obtain these sources of funding or replace them with fresh borrowings or deposits may materially and adversely affect our business, financial condition and results of operations.

Our cost of funds is sensitive to interest rate fluctuations, which exposes us to the risk of reduction in spreads, which is the difference between the returns that we earn on our advances as well as our investments and the amounts that we must pay to fund them, on account of changing interest rates. In the fiscal year 2020, our cost of funds was 6.74% in comparison to 6.34% for the fiscal year 2019.

The pricing on our issuances of debt or borrowings is also dependent on our perceived credit rating. The recent moratorium imposed on the Bank, the writing down of our AT I bonds and any downgrade or potential downgrade on our credit ratings by rating agencies may negatively influence the perception of our credit ratings. This would increase our financing costs, and adversely affect our future issuances of debt and borrowing and our ability to raise new capital on a competitive basis. In addition, any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may have a similar effect on our ability to raise additional financing and the terms at which such financing is available. This could have an adverse effect on our business, profitability and the ability to fund our growth.

In addition, attracting customer deposits in the Indian market is competitive. If we fail to sustain or achieve the growth rate of our deposit base, including our CASA, our business may be adversely affected. The rates that we must pay to attract deposits are determined by numerous factors, such as the prevailing interest rate structure, competitive landscape, RBI monetary policy and inflation. For example, in October 2011, the RBI deregulated interest rates on savings bank deposits, which resulted in certain banks increasing their interest rates, leading to increased competition in this area. In the event that our spreads decrease, it may have a material adverse effect on our business, financial condition, results of operations and cash flow. Further, there can be no assurance that our Bank will be able to raise deposits and or other sources of liquidity, or repay or renew our existing liabilities, which can adversely affect our funding costs.

23. ***Any downgrade of our debt ratings by international or domestic rating agencies could adversely affect our business.***

Our debt is rated by various domestic and international agencies. The Bank's debt rating has recently been downgraded by various notches.

While Moody's Investors Service ("**Moody's**") upgraded our long-term foreign currency issuer and foreign currency senior unsecured MTN program ratings to Caa1 from Caa3 and (P)Caa1 from (P)Caa3 , respectively, on March 16, 2020, Moody's downgraded our long-term foreign currency issuer rating to Caa3 from B2 and our foreign currency senior unsecured MTN program rating to (P)Caa3 from (P)B2 on March 6, 2020 ("**the previous round of assessment**"). In addition, Moody's has confirmed our long-term foreign and local currency bank deposit ratings at Caa1, which was downgraded from B2 during the previous round of assessment. Moody's has also confirmed our long-term domestic and foreign currency Counterparty Risk Rating ("**CRR**") and long-term Counterparty Risk Assessment ("**CR Assessment**") at Caa1 and Caa1(cr) respectively, which was downgraded from B1 and B1(cr) during the previous round of assessment. Lastly, Moody's has affirmed our Baseline Credit Assessment ("**BCA**") and adjusted BCA at ca, which was downgraded from ca and caa2 during the previous round of assessment. The rating outlook is positive.

On June 23, 2020, CARE Ratings Limited ("**CARE**") has confirmed our Bank's Infrastructure Bond Rating and Lower Tier II Bonds at B which were downgraded from A- as on March 6, 2020 ("**the previous round of assessment**"). In addition, CARE has confirmed our Bank's Tier II Bonds (Basel III) Rating at C which was downgraded from A- during the previous round of assessment. CARE has downgraded the Upper Tier II Bonds to D from C during the previous round of assessment. CARE has confirmed our Bank's Perpetual Bonds (Basel II) Rating at D which were downgraded from BBB- and BBB+ respectively during the previous round of assessment.

On June 23, 2020, ICRA Limited ("**ICRA**") has confirmed our Bank's Infrastructure Bond Rating and Lower Tier II Bonds at BB+ and was reaffirmed at BB+ as on March 30, 2020 ("**the previous round of assessment**"). In addition, ICRA has confirmed our Bank's Tier II Bonds (Basel III) Rating at BB (hyb) and was reaffirmed during the previous round of assessment. ICRA has downgraded the Upper Tier II Bonds Ratings to D from BB which was reaffirmed at BB during the previous round of assessment. ICRA has confirmed our Bank's Additional Tier I Bonds (Basel III) Ratings and Perpetual Bonds (Basel II) Rating at D (hyb) and D respectively which were reaffirmed at D (hyb) and D respectively during the previous round of assessment. Further, ICRA, at the request of the Bank, has withdrawn the ratings for our short term fixed deposit programme and Certificate of Deposit programme.

On March 18, 2020, our rating by India Ratings and Research Private Limited was revised to WD for Basel III Additional Tier I bonds, IND B+/RWE for Basel III Tier II bonds and IND BB-/RWE for Infrastructure bonds and for Long-Term Issuer Rating.

On March 6, 2020, Brickwork Ratings downgraded our Bank's Hybrid Tier I Bonds (Basel II), Upper Tier II Bonds (Basel II) and Innovative Perpetual Debt Instruments (Basel II) from A- to D, and Lower Tier II Bonds (Basel II) from A to D.

There can be no assurance that the ratings for various debts of the Bank will not be further downgraded in future. Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis, which may adversely affect our profitability and future growth. In addition, any downgrade in our credit ratings may constitute breach of covenant under several of our borrowing agreements, thereby triggering a prepayment clause and resulting in further damage to our liquidity position.

24. ***The Bank's off-balance sheet liabilities could adversely affect our financial condition.***

As of March 31, 2020, the Bank had total contingent liabilities of ₹4,585,260.89 million, amounting to an equivalent credit exposure of ₹581,722.99 million. Our off-balance sheet liabilities consist of, among other things, liability on account of forward exchange and derivative contracts, guarantees and documentary credits given by it. In case of derivative contracts, the notional principal amounts are significantly greater than the actual profit and loss, mark-to-market impact on us. If any of these contingent liabilities materialise, our business, financial condition and results of operations may be materially and adversely affected. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Instruments and Off-Balance Sheet Arrangements*".

25. ***We could be adversely affected by operational risks, including cyber threats, which may disrupt our businesses.***

Our businesses are highly dependent on our ability to process, on a daily basis, a large number of transactions across numerous and diverse markets and our transactions and processes have become increasingly complex. Consequently, we rely heavily on our financial, accounting and other data processing systems. We are therefore directly and indirectly exposed to operational risks arising from errors made in the confirmation or settlement of transactions not being properly recorded, evaluated or accounted for. For example, in January 2014, the RBI imposed a penalty of ₹0.5 million (which has been recorded in our books of account during fiscal year 2014) for a shortfall of security in our principal subsidiary general ledger ("**SGL**") account. The shortfall was due to operational errors during settlement. While we have tightened operational controls in response to this incident, there can be no guarantee that such operational errors will not occur in the future. We have also received a show cause notice dated March 31, 2018 from the Enforcement Directorate, alleging violation of certain provisions of FEMA arising out of the opening of a bank account for a non-resident foreign national. The Bank has responded to the Enforcement Directorate and as of the date of this Prospectus, we have not heard back from the Enforcement Directorate. The potential inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses. If any of our systems do not operate properly or are disabled, we could suffer financial loss, a disruption of businesses, liability to clients, regulatory intervention or damage to reputation, which may materially and adversely affect our business, financial condition and results of operations.

Further, we offer internet banking and other services to our customers. We are therefore directly and indirectly exposed to various cyber-threats such as phishing and trojans (targeting our customers, where fraudsters send unsolicited mails to our customers seeking account-sensitive information or to infect customer machines to search and attempt exfiltration of account-sensitive information), hacking (where attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services) and data theft (where cyber-criminals may attempt to intrude into our network with the intention of stealing our data or information). There is also the risk our customers may terminate their accounts with us for any cyber-incidents that occur on our own system or an unrelated third party's system. Accordingly, as we continue to grow our business, we will remain exposed to increased operational risks, which may materially and adversely affect our business, financial condition and results of operations.

26. ***A portion of our collections from customers is in cash, exposing us to certain operational risks.***

A portion of our collections from our customers is in cash. Large cash collections expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically dispersed nature of our network. While we have implemented technology that tracks our cash collections, taken insurance policies, including fidelity coverage and coverage for cash in safes and in transit, and undertaken measures to detect and prevent unauthorized transactions, fraud or misappropriation, this may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our reputation. We may also be party to criminal proceedings and civil litigation related to our cash collections. Our business is also susceptible to fraud by dealers, distributors and other agents through the forgery of documents, multiple financing of the same vehicle and unauthorized collection of instalments on behalf of our Bank. Given the high volume of transactions involving cash processed by us, certain instances of fraud and misconduct by our representatives or employees may go unnoticed for some time before they are discovered and successfully rectified. Even when we discover instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, there can be no assurance that we will recover any amounts lost through such fraud or other misconduct. Our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of such systems will result in losses that may be difficult to detect or rectify**.**

27. ***We have had major changes to our managerial personnel and shareholders, and our inability to retain or replace key and talented personnel may have an adverse effect on our business, reputation, financial condition and results of operation.***

We have experienced major changes in key members of the management team and shareholder composition. Our future success is highly dependent on the services of our management team who was recently appointed and our ability to attract and retain suitable candidates. Our shareholders also have the ability to determine certain business decisions submitted to them for approval. Our ability to maintain our strategic direction, manage our current operations and meet future business challenges depends, among other things, on the continued employment and ability of our managerial personnel to formulate new strategic policies, and our ability to attract and recruit talented and skilled personnel in key managerial positions throughout our organization.

Our employment agreements with these personnel do not obligate them to work for us for any specified period and do not contain non-compete or non-solicitation clauses in the event of termination of employment. Further, we do not maintain any **"**key man**"** insurance. If one or more of these key personnel are unwilling or unable to continue in their present positions, we may not be able to replace them promptly with persons of comparable skills and expertise, which could have a material adverse effect on our operations and performance.

In addition, should the banking industry move towards relatively higher incentive-based pay schemes, we may not be as competitive as other banks. This may increase the possibility of our skilled personnel moving to more attractive employment opportunities. There is no assurance that we will be able to continue our successful hiring of talented and key personnel in the future. The loss of such personnel or our inability to replace such personnel effectively may materially and adversely affect our ability to grow and operate our various business functions in an efficient manner.

Furthermore, the new management team and shareholders may introduce policies that may not be favourable among other employees in the Bank, resulting in a higher attrition rate. This may affect the operations of the Bank, especially if the Bank has to continuously expend time and money to train new employees.

28. ***Negative publicity could damage our reputation and adversely impact our business and financial results.***

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. Most recently, the Enforcement Directorate ("**ED**") and Central bureau of Investigation ("**CBI**") had in March 2020 launched an investigation into certain transactions involving one of the Bank's former promoters, and the former Managing Director and Chief Executive Officer, Rana Kapoor, and alleged links between him and certain borrower groups, following allegations of money laundering and fraud. Investigations are still ongoing as of the date of this Prospectus.

The recent moratorium imposed by the RBI, together with our falling stock price caused by the selling by our former promoters, have impacted the reputation of the Bank. Depositors' confidence has been consequently affected, which resulted in an increase in deposit withdrawal**.** The long-term impact of the said moratorium on the depositor confidence is unascertainable.

We have also faced negative publicity following allegations of corporate governance issues and the resignations of a few of our directors from the Board, as well as claims that certain of members of our management team were sought to be replaced. For instance, Uttam Prakash Agarwal resigned from our Bank on January 10, 2020, raising certain concerns, including over standards of corporate governance of our Bank. Claims and complaints that allude to any form of wrongdoing or portray an adverse situation within our Bank may further result in negative publicity, lawsuits or investigations by the regulators or government agencies.

Further, the Board of Directors of the Bank had, at their meeting held on September 25, 2018, considered and approved the clawback of 100% of the performance bonus paid to Rana Kapoor, our former Managing Director and Chief Executive Officer, for fiscal year 2015 and 2016, net of taxes. The amount of bonus that was clawed back was ₹6,217,823 for fiscal year 2015 and ₹8,245,416 for fiscal year 2016. Responding to directions from the regulators and/or negative publicity arising from any of the above circumstances can divert the time and effort of the Bank's management from our business. Any negative impact on our reputation arising from the above circumstances could materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, our Bank has in the past received certain show cause notices from SEBI, in relation to non-compliance with certain securities laws. For further details, please see "*Outstanding Litigation and Material Developments - Violation of securities laws settled through the consent or settlement mechanism by our Bank during three years immediately preceding the date of filing of this Prospectus*" on page 491. While these notices are no longer outstanding, in the event the Bank receives such notices in the future, it may have a negative impact on the Bank's reputation and may result in us being liable to some regulatory fines.

The financial services industry in general has been closely monitored by various regulators due to the global financial crisis and other matters affecting the financial services industry. Negative public opinion about the financial services industry generally, or us specifically, could adversely affect our ability to attract and retain customers, and may expose us to litigation and regulatory action. Negative publicity can result from our actual or alleged conduct in any number of activities, including lending practices, foreclosure practices, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organisations in response to that conduct. We distribute several third-party products, including life insurance, health insurance and general insurance. We also work in partnership with third parties, including business correspondents in the micro-finance sector. We have no control over the actions of such third parties. Any failure on the part of such third parties, including any failure to comply with applicable regulatory norms, any regulatory action taken against such parties or any adverse publicity relating to such party could, in turn, result in negative publicity about us and adversely impact our brand and reputation. Although we take steps to minimize reputational risk in dealing with customers and other constituencies, we, as a large financial services organization with a high industry profile, are inherently exposed to this risk.

29. ***Our business is dependent on the 'YES' brand name. Our subsidiaries leverage the 'YES' brand name, any negative publicity around the subsidiary can also impact the Bank.***

We believe that we have established a reputation as one of the leading private sector banks in India, and the **"**YES**"** brand is widely recognised by our customers. We have invested significantly in developing and promoting our brand, and we expect to continue maintaining and increasing brand awareness among our current and prospective customers. We believe that, as the market becomes increasingly competitive, maintaining and enhancing our brand, in a cost-effective manner, will become more important for our business. Customer's perception of our brand depends on various factors, such as the range of our product offerings, quality of services offered by the Group and our advertising, public relations and marketing activities. If we are unable to consistently manage our time and costs on brand-building initiatives, our ability to compete in the financial services sector may be negatively impacted and have a material adverse effect on our business. In addition, if our customers perceive that any of the products or services offered by the Group under the **"**YES**"** brand is inadequate, our reputation may be affected, which may materially and adversely affect our business, financial condition, results of operations and prospects.

For example, we sell investment products and offer services through our subsidiaries, YSIL, YAMIL and YTL. Under certain circumstances, customers may claim that our sales process is inadequate or that there was misconduct by our employees or intermediaries at the time of signing of the policy contract or during the course of customer service. Such misconduct could include activities such as making non-compliant or fraudulent promises of high returns on investments or recommending inappropriate products and fund management strategies. In the event that we are subject to claims by customers for such alleged instances of mis-selling, our brand image will deteriorate which may materially and adversely affect our business, financial condition, results of operations and prospects.

30. ***Any non-compliance with applicable AML, CFT and KYC policies could expose us to additional liability and harm our business and reputation.***

In accordance with the requirements applicable to banks, we are mandated to comply with applicable anti- money laundering ("**AML**"), combating the financing of terrorism ("**CFT**") and know your customer ("**KYC**") regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers in order to detect and prevent the use of our banking networks for illegal money-laundering activities, there may be instances where we may not be able to detect, in a timely manner or at all, or may be used by other parties in attempts to engage in, money-laundering and other illegal or improper activities.

Pursuant to an inspection by SEBI, we received a letter dated September 6, 2016 in relation to certain non-compliances with SEBI regulations for depository participants, such as non-compliance with certain KYC procedures, and missing or incomplete documentation. We have also received an administrative warning and deficiency letter dated May 9, 2017 from SEBI, wherein SEBI had highlighted certain deficiencies including, in relation to KYC and AML compliance, handling of dematerialised accounts of customers and procedure for bank account closure. SEBI had instructed us to take corrective measures and ensure future compliance. We may, in the future, become subject to regulatory scrutiny, investigation, penalty or other action.

Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect AML activity and ensure KYC compliance, and have taken the necessary corrective measures, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the relevant government authorities to whom we report. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

31. ***We were not in compliance with certain provisions of the Companies Act 2013 with respect to the appointment of the requisite number of directors liable to retire by rotation and have been delayed in compliance with certain provisions of the SEBI Listing Regulations with respect to, inter alia, submission of financial results.***

Prior to the allotment of Equity Shares pursuant to the Reconstruction Scheme, our Board did not have the requisite number of directors liable to retire by rotation, as required under section 152 of the Companies Act, 2013. Pursuant to the recent Reconstruction Scheme, a new Board has been constituted and until one year from the Reconstruction Scheme or until an alternate Board is constituted, whichever is later, the composition of our Board is, and shall be, governed by the provisions of the Reconstruction Scheme. Accordingly, Banking Regulation Act and various corporate governance provisions of the Companies Act, the SEBI Listing Regulations and our Articles of Association, will not be applicable to our Bank. Additionally, our Bank has (i) submitted its financial results for the quarter ended December 31, 2019 with the Stock Exchanges on March 14, 2020, instead of on or before February 14, 2020, and (ii) there have been instances of delay in filing of intimations with respect to analyst meetings under SEBI Listing Regulations. While the Board has been re-constituted pursuant to the Reconstruction Scheme, necessary monetary fines have been paid to the Stock Exchanges with respect to this delay in submission of financial results, and we have made the relevant intimations with respect to the analyst meetings in accordance with Regulation 30(6) of the SEBI Listing Regulations, we cannot assure you that we will not be subject to action under the Companies Act, 2013 and/or under the SEBI Listing Regulations, including being subject to any regulatory fines or penalty in relation to our procedural delay in (i) assessing and ensuring compliance prior to such re-constitution, (ii) submission of financial results.

32. ***We have entered into certain related party transactions for certain of our business functions.***

We have entered, and may continue to enter, into transactions with related parties, including but not limited to, the sale of our corporate loan book to our related parties as part of our portfolio management strategy. In addition, we had engaged with BW Businessworld Media Private Limited in connection with the Bank's marketing activities and Apex Club India Private Limited in connection with the Bank's training and conference related activities.

For the year ended March 31, 2019, BW Businessworld Media Private Limited and Apex Club India Private Limited, whose shareholders are the relatives of our former Managing Director and Chief Executive Officer, Rana Kapoor, are related parties pursuant to AS 18 **"**Related Party Disclosures**"** notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

There can be no assurance that any of our future transaction would be deemed as arm's-length or the Bank's related parties will not take actions that favour their interest over our Bank's interests. The internal controls regarding the management of various related party transactions can be challenging and demanding for the Bank. Failure to adequately control and manage its related party transaction would have an adverse effect on our Bank's business, financial condition and results of operations.

33. ***Some of our Directors and Key Managerial Personnel had interest in our Bank that were in addition to their normal remuneration or benefits and reimbursement of expenses incurred***

Some of our Directors and Key Managerial Personnel had interests in our Bank that are in addition to reimbursement of expenses and normal remuneration payable to them. Further, certain of our Directors and Key Managerial Personnel may also be deemed to be interested to the extent of Equity Shares and stock options held by them, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares. For further details in relation to such interests of Directors, see "*Our Management*" beginning on page 243.

34. ***We face maturity and interest rate mismatches between our assets and liabilities.***

We meet our funding requirements in part through short and long-term deposits from retail and corporate depositors as well as inter-bank deposits; however, a significant portion of our assets (such as advances) have maturities with longer terms than our liabilities (such as deposits). In addition, the Bank was granted a short-term special liquidity facility on March 17, 2020 for 90 days by the RBI to meet the demands of the depositors for repayment of deposits post the lifting of the moratorium, amongst other things, which was repaid on June 15, 2020. The RBI granted the Bank a second 90-day special liquidity facility till September 12, 2020.

As of March 31, 2020, we had negative liquidity gaps for certain maturity periods up to one year. If we have an asset-liability gap, our liquidity position could be adversely affected and we may be required to pay higher interest rates in order to attract or retain further deposits, which may have a material adverse effect on our business, financial condition and results of operations. As of March 31, 2018, 2019 and 2020, a substantial portion of our advances had tenors exceeding one year. The long tenor of these advances may expose us to risks arising out of economic cycles. In addition, some of these advances are project finance advances and there can be no assurance that these projects will perform as anticipated or that such projects will be able to generate sufficient cash flows to service commitments under the advances. We are also exposed to infrastructure projects that are still under construction and are open to risks arising out of delay in execution, the failure of borrowers to execute projects on time, delay in getting approvals from necessary authorities and breach of contractual obligations by counterparties, all of which may adversely impact our projected cash flows. There can also be no assurance that these projects, once completed, will perform as anticipated. Risks arising out of a recession in the economy and/or a delay in project implementation or commissioning could lead to a rise in delinquency rates and, in turn, may materially and adversely affect our business, financial condition and results of operations. See also "*Selected Statistical Information – Residual Maturity Profile*".

As of March 31, 2020, approximately 70% of our loan book (net of provision) is floating rate in nature which allows us to reprice the loan on the back of deposit rate repricing. We, however, may not always be in a position to pass on the increased rates to the borrowers which may result in a decline in net interest income and could materially and adversely affect our business, financial condition and results of operations.

Further, on September 4, 2019, the RBI introduced external benchmark-linked loans which was brought into effect on October 1, 2019. This exposes the Bank to the basis risk of being unable to manage the gaps arising on account of the repricing of assets and liabilities given the different underlying pricing variables.

35. ***We face volatility in income generated from investments.***

Our profit on sale of investments (net) comprised 3.94%, 2.19% and 5.94% of our total net income (excluding the extraordinary income of AT I bond write down), which comprises net interest income (interest earned less interest expended) plus other income for the fiscal years 2018, 2019 and 2020, respectively. These figures include entering into trades for our own account, which exposes us to the risk that we may lose money on these trades on account of corporate and Government securities held by us in the regular course of business.

Our income from these treasury operations is subject to volatility due to, among other things, changes in interest rates and foreign currency exchange rates as well as other market fluctuations. In addition, there is risk on mark-to-market from downgrades and widening spreads. For example, an increase in interest rates may have a negative impact on the value of certain investments such as Government securities and corporate bonds. Although we have risk and operational controls and procedures in place for our treasury operations, such as sensitivity limits, value at risk ("**VaR**") limits, position limits, stop loss limits and exposure limits that are designed to mitigate the extent of such losses, there can be no assurance that we will not lose money in the course of our proprietary trading on our fixed income book held for trading and available for sale portfolio. Any such losses could adversely affect our business, financial condition and results of operations.

We also have a primary dealership business which involves underwriting of government securities and therefore subjects us to interest rate risk.

36. ***We are not in compliance with the terms of our primary dealership licence.***

The terms of our primary dealership licence require us to be in compliance with the Master Direction – Operational Guidelines for Primary Dealers dated July 1, 2016. The Master Direction requires the Bank to, *inter alia*, maintain a Minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9%, net non-performing assets of less than 3% and a profit-making record for last three years. As of the date of this Prospectus, we are not in compliance with the foregoing terms. Any failure by our Bank to comply with the terms of the primary dealership licence could result in penalties such as fines, suspension, withdrawal or termination of the licence. Any failure to secure renewal, or loss, of our primary dealership licence, would materially adversely affect our business, results of operations and/or prospects.

37. ***Our financial performance may be materially and adversely affected by fluctuating interest rates.***

Our results of operations depend, to a great extent, on our net interest income. Net interest income (which comprises of interest earned deducted by interest expended) amounted to 59.38%, 67.73% and 65.74% (excluding gain on the write down of AT I bonds) of our total net income for the fiscal years 2018, 2019 and 2020, respectively, where total net income comprises the sum of our net interest income and other income. We could be materially and adversely impacted by a rise in generally prevailing interest rates on deposits, especially if the rise were sudden or sharp. If such a rise in interest rates were to occur, our net interest margin could be adversely affected because the interest paid by us on our deposits could increase at a higher rate than the interest received by us on our advances and other investments. The requirement that we maintain a portion of our assets in fixed income Government securities could also negatively impact our net interest income and net interest margin because we typically earn interest on this portion of our assets at rates that are generally less favorable than those typically received on other interest-earning assets.

Since the onset of the COVID-19 pandemic in early 2020, emerging markets have seen significant capital outflows from both debt and equity markets, including India, which has impacted bond yields.

At the same time, the Government and the Central Bank have taken several steps to minimize the economic impact of the pandemic, including cutting statutory interest rates and providing additional liquidity measures which have helped cool down interest rates. During the same time period, our 1-year MCLR rates have been reduced from 9.70% on January 3, 2020 to 9.30% as effective from July 1, 2020. While this represents reduction in our asset yields, it is also indicative of reduction in our incremental cost of funding as MCLR is a function of our funding mix and marginal cost of our funding sources such as deposits and borrowings.

If the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the decrease in the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted. Any systemic decline in low-cost funding available to banks in the form of current and savings account deposits would adversely impact our net interest margin. In December 2015, the Reserve Bank of India released guidelines on the computation of lending rates based on the marginal cost of funds methodology, which is applicable on incremental lending from April 1, 2016. Further, on December 5, 2018, the RBI published a report recommending referencing floating rate advances to certain external benchmarks which came into effect on October 1, 2019. This change in the methodology for calculating the cost of funds may lead to lower lending rates, and more frequent revisions in lending rates due to the prescribed monthly review of cost of funds. This may impact the yield on our interest-earning assets, our net interest income and our net interest margin.

Interest rates are highly sensitive to factors beyond our control, including India's GDP growth, inflation, liquidity, the RBI's monetary policies and domestic and international economic and political conditions and other factors. Our cost of funding is interest-rate sensitive and our ability to pass along any increase in interest rates depends on our borrowers' ability and willingness to pay higher rates and the competitive landscape in which we operate. Volatility and changes in interest rates could affect the interest rates we charge on our interest-earning assets in a manner different from the interest rates we pay on our interest-bearing liabilities because of the different maturity periods applying to our assets and liabilities and also because liabilities generally re-price faster than assets. An increase in interest rates applicable to our liabilities, without a corresponding increase in interest rates applicable to our assets, will result in a decline in net interest income.

Furthermore, in the event of rising interest rates, our borrowers may not be willing to pay correspondingly higher interest rates on their borrowings and may choose to repay their advances with us if they are able to switch to more competitively priced advances offered by other banks. In the event of falling interest rates, we may face more challenges in retaining our customers if we are unable to switch to more competitive rates as compared to other banks in the market. In addition, any volatility or increase in interest rates may also adversely affect the rate of growth of certain sectors of the Indian economy. All these factors may have a material adverse effect on our business and financial condition and results of operations.

38. ***Our financial performance may be materially and adversely affected by our inability to generate and sustain other income.***

We generated commission, exchange and brokerage income of ₹42,070.72 million, ₹36,352.66 million and ₹15,259.28 million for the fiscal years 2018, 2019 and 2020, respectively. This represents 32.28%, 25.09% and 8.14% of our total net income for the fiscal years 2018, 2019 and 2020, respectively.

We earn fee-based income from corporate banking and advisory services, which include origination and syndication of loans, structured finance and loan processing fees, and are provided to large and medium-sized companies. Our corporate banking activities are generally susceptible to sustained adverse economic conditions in India or abroad. In fiscal year 2020, we witnessed a decrease in corporate banking fees, which may record slower growth going forward. We have, in the past, made a reversal of fees that were booked during the previous financial periods due the cancellation of a facility by our customer. There can be no assurance that there will not be any such similar events that are beyond our control in future, which may materially and adversely affect our business, financial condition and results of operations. In addition, with effect from April 1, 2019**,** any upfront fees that are collected are also subjected to amortization over the remaining period to maturity. Such amortization will be reflected in our financial results for such future period.

We also earn fee-based income from our foreign exchange and treasury operations business, which include origination and syndication of debt, management of foreign currency and interest rate exposure of our corporate and business banking customers. As part of our foreign exchange and treasury operations business, we may from time to time hold assets on our balance sheet which may subject us to market risk and credit risk. There can be no assurance that we will be able to sustain current levels of income from, or effectively manage the risks associated with, these businesses in the future.

Further, as part of our growth strategy, we have been diversifying and expanding our product and service offerings to retail customers in order to build a more balanced portfolio. New initiatives, products and services entail a number of risks and challenges, including risks relating to execution, the failure to identify new segments, the inability to attract customers and the inability to make competitive offerings. If we are unable to successfully diversify our products and services while managing the related risks and challenges, returns on such products and services may be less than anticipated, which may materially and adversely affect our business, financial condition and results of operations.

39. ***Indian banking regulation is extensive, and any change in regulations could materially affect our business.***

The banking and financial sector in India is highly regulated and extensively supervised by authorities such as the RBI. Our business could be directly affected by any changes in laws, regulations and policies for banks. For example, in October 2011, the RBI deregulated interest rates on savings bank deposits, which resulted in certain banks increasing their interest rates, leading to increased competition in this area. Further, we may be compelled to increase lending to certain sectors or increase our cash reserve ratios and statutory liquidity ratios. We are also subject to regular financial inspection by the RBI. In the event that we are unable to meet or adhere to the guidance or requirements of the RBI, the RBI may impose strict enforcement of its observations on us, and we may be subject to monetary fines and other penalties which may have an adverse effect on our business, financial condition and results of operations.

For example, in connection with the divergences in asset classification for fiscal year ended March 31, 2016, the RBI issued a show cause notice to us on July 6, 2017, followed by a supplementary notice on August 24, 2017, with respect to violations of various regulations issued by RBI, including for delayed reporting of the information security incident involving our ATMs and non-compliance with directions issued by RBI on the IRACP. Based on our replies and oral submissions at personal hearings before RBI, the RBI had on October 23, 2017 imposed a monetary penalty of ₹60.00 million on us.. Further, the RBI, by way of its order dated April 22, 2019 imposed a penalty of ₹1.13 million for certain non-compliances under the Payment and Settlement Systems Act, 2007, Master Direction on Issuance and Operation of Prepaid Payment Instruments dated October 11, 2017 (as amended and updated from time to time) and circular on domestic money transfer relaxations dated October 5, 2011. The RBI also passed an order on January 31, 2019 against our Bank and other banks, imposing a monetary penalty of ₹10 million on our Bank for non-compliance with various directions issued by RBI on time-bound implementation and strengthening of SWIFT-related operational controls. Accordingly, we have implemented all of the control points and audits have also been conducted to review the implementation of RBI prescribed control points. No deviation has been observed.

The laws and regulations governing the banking sector in India, including those governing the products and services that we provide or propose to provide such as brokerage services, could change in the future. Such changes may also affect foreign investment limits in the banking industry or our ability to invest in certain businesses. Any such changes may require us to modify our business, which may adversely affect our financial performance. We are also required to obtain approvals from the RBI for undertaking certain activities. Failure to obtain such approvals may result in the incurrence of substantial compliance and monitoring costs and restrict our growth or the viability of our businesses. For instance, our applications for setting up an infrastructure debt fund as well as our application to set up a financial technology subsidiary were rejected by the RBI. The RBI guidelines and provisions of the Banking Regulation Act also restrict our ability to pay dividends. The RBI also requires banks to maintain certain CRR and SLR, and increases in such requirements could affect our ability to extend and expand credit. Any requirements by the RBI that specify changes in risk weighting and capital adequacy may adversely affect our business, financial condition and results of operations. Further, any action by any regulator to curb fund inflows into India could negatively affect our business.

Within the 40% Total Priority Sector requirement, the RBI specifies sub-allocation requirements, including a minimum of 18.00% of the ANBC or equivalent credit amount of off-balance sheet exposure, whichever is higher, to the agriculture sector (of which 8.00% is allocated to small and marginal farmers), 7.50% of the ANBC or equivalent credit amount of off-balance sheet exposure, whichever is higher, to micro enterprises and 10.00% of the ANBC or equivalent credit amount of off-balance sheet exposure, whichever is higher, to weaker sections. In the case of any shortfall by us in meeting lending requirements, we are required to place the difference between the required lending level and our actual priority sector lending in an account with the National Bank for Agriculture and Rural Development under the Rural Infrastructure Development Fund Scheme, or funds with other financial institutions specified by the RBI, from which we earn lower levels of interest as compared to loans made to the priority sector. We are permitted to buy/sell priority sectors lending certificates ("**PSLC**") up to 50.00% of our previous year's priority sectors lending ("**PSL**") in lieu of directly lending to the priority sectors. Further, banks in India are required to comply with priority sector lending requirements on a quarterly basis which can also result in lower levels of interest income and reduced profitability. Any requirements by the RBI that specify changes in priority sector lending may adversely affect our business, financial condition and results of operations. The RBI had, in the past, observed that we had failed to meet priority sector lending targets in certain financial years.

Further, the RBI is empowered to supersede any decision of the board of directors of a bank and appoint an administrator to manage the bank for a period of up to 12 months. The RBI may exercise such power where it is satisfied, in consultation with the Central Government, that it is in the public interest to do so, to prevent the affairs of any bank from being conducted in a manner that is detrimental to the interest of the depositors, or for securing the proper management of any bank.

In November 2012, the RBI published guidelines titled "Liquidity Risk Management by Banks" in accordance with the Basel Committee on Banking Supervision's document on **"**Principles for Sound Liquidity Risk Management and Supervision**"**. These guidelines prescribe certain ratios to measure liquidity risk and are designed to measure, among other things, the extent to which volatile money supports a bank's basic earning assets, the extent to which assets are funded through a stable deposit base, the degree of illiquidity embedded in the balance sheet, and the extent of available liquid assets. Banks are also required to adhere to certain prescribed limits to reduce the extent of concentration of their liabilities.

In June 2014, the RBI issued guidelines in relation to Liquidity Coverage Ratio ("**LCR**"), liquidity risk monitoring tools and LCR disclosure standards pursuant to the publication of the "Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools" in January 2013 and the "Liquidity Coverage Ratio Disclosure Standards" in January 2014 by the Basel Committee on Banking Supervision. The LCR is intended to ensure that banks maintain an adequate level of high-quality liquid assets ("**HQLAs**") to survive an acute stress scenario lasting for 30 days. Pursuant to the guidelines, banks are required to maintain an LCR of 70.00%, 80.00%, 90.00%, 100.00% and 100.00% with effect from January 1, 2016, January 1, 2017, January 1, 2018, January 1, 2019 and January 1, 2020 respectively. On April 17, 2020, RBI has reduced the LCR requirement of all scheduled commercial banks from 100% to 80%. The LCR requirement will be increased in phases with a target of 90% LCR by October 1, 2020 and 100% by April 1, 2021. Such requirement to maintain HQLA has adversely affected our profitability and any increase in the requirement will further adversely affect our profitability.

The increase in NPA as a consequence of additional slippages and increase in PCR has resulted in higher provisioning and a loss in our results for fiscal year 2020. The aforesaid loss netted off from the existing core capital has resulted in a CET I ratio of 6.3%, which is lower than the regulatory requirement of 7.375% as at March 31, 2020. Our deposit base has seen a reduction from ₹2,275,579.03 million as at March 31, 2019 to ₹1,053,111.68 million as at March 31, 2020. The delay in capital raising triggered the downgrade of our various ratings. The cash outflows on account of the above has resulted in our quarterly average LCR falling to 40.0% for the fiscal year ended March 31, 2020, which was lower than the regulatory requirement of 100% as of March 31, 2020. Since then, the regulatory requirement has been lowered to 80%. Subsequent to March 31, 2020, our deposit base was further reduced to ₹1,027,178.48 million and our LCR further fell to 34.8% as at May 2, 2020. We provided for ₹3,344.38 million for the probable penalty on the breach of our SLR requirements during fiscal year 2020.

In addition, the Bank was granted a short-term special liquidity facility on March 17, 2020 for 90 days from the RBI to meet the demands of the depositors for repayment of deposits post the lifting of the moratorium, which was repaid on June 15, 2020. The RBI granted the Bank a second 90-day special liquidity facility till September 12, 2020. The liquidity facility is not repayable on demand. Accordingly, as of the date of this Prospectus, the Bank is not in breach of the regulatory minimum LCR requirements. However, revocation or cancellation of this facility will have a material impact on the Bank's operations.

The RBI issued the guidelines on Net Stable Funding Ratio ("**NSFR**") on May 17, 2018 with the objective of ensuring that banks maintain a stable funding profile in relation to the composition of their assets and off- balance sheet activities. The RBI has, by way of a circular dated November 29, 2018, decided that the NSFR guidelines shall come into effect from April 1, 2020. On March 27, 2020, the RBI has notified that the NSFR guidelines shall come into effect from October 1, 2020. For compliance with NSFR norms, the Bank may have to borrow long term to fund long-term assets resulting in an increase in interest expense.

Any increase in regulatory scrutiny can also have a negative impact on our reputation with our customers, and on the morale and performance of our employees, which could adversely affect our business, financial condition and results of operations.

Compliance with regulations by the RBI including the new liquidity risk management guidelines may result in the incurrence of substantial compliance and monitoring costs and restrict our growth or the viability of certain businesses, and there can be no assurance that we will be able to comply with such requirements or that any breach of applicable laws and regulations will not adversely affect our reputation or our business, operations and financial conditions. In the event that the Bank's capital or NNPA breaches the regulatory requirement, or the Bank reports persistent losses, the Bank may be subject to stringent supervisory review and enforcement actions by the RBI. On April 13, 2017, the RBI revised the Prompt Corrective Action ("**PCA**") framework for banks. The new PCA framework stipulated the thresholds for capital ratios, NNPAs, profitability, and leverage for banks. When the PCA is triggered, the RBI would have a range of discretionary actions it can take to address the outstanding issues. These discretionary actions include conducting special supervisory meetings, reviews, inspections, and special audits of the bank, advising banks' boards in relation to altering the banks' business strategy, review of capital planning, restricting staff expansion, imposing restrictions on directors' or management's compensation, removing of managerial persons, and superseding the board of directors. If we were to violate the RBI's rules and regulations and the PCA is triggered, it could materially and adversely affect our business, financial condition, results of operations, and cash flows.

With the material uncertainty on capital infusion and the depletion of deposits, there can be no assurance that we will be able to continue as a going concern. In addition, the breach of the regulatory minimum capital ratio requirement may trigger PCA. We have also been in constant communication with the RBI and the RBI has not imposed any fine for the regulatory breaches yet.

40. ***We may not be able to renew or maintain our statutory and regulatory permits and approvals required to operate our business.***

We have a license from the RBI which requires us to comply with certain terms and conditions for us to continue our banking operations. In the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the RBI may revoke this license or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations and may have a material adverse effect on our business, financial condition, results and cash flow.

We also have other statutory licenses including a license from SEBI to act as a Category I merchant banker, and a license from the Insurance Regulatory and Development Authority of India to act as an agent to distribute life and general insurance products. Further, our branches are spread across various states and are required to obtain registration certificates under the shops and establishments legislations in the respective states. In some of these states, our branches are exempted from registration as a matter of practice (which is at variance with the legislation). Further, the shops and establishments registration of our branches located in Punjab was valid up to March 31, 2020. We have not been able to seek renewal of the registration due to the lock-down imposed on account of COVID-19. Therefore, some of our branches may be in breach of the shop and establishments legislations. For details, see "*Government and Other Approvals*" beginning on page 492.

Failure to renew or maintain such statutory licenses or approvals or comply with applicable regulations may result in the interruption of all or some of our operations, imposition of penalties and may have a material adverse effect on our business, financial results and results of operation.

41. ***We are required to maintain cash reserve ratios ("CRRs") and statutory liquidity ratios ("SLRs"). Any increase in these requirements could adversely affect our business.***

Under RBI regulations, we are subject to a CRR requirement. The CRR is a bank's balance held in a current account with the RBI calculated as a specified percentage of its net demand and time liabilities, excluding interbank deposits. The CRR currently applicable to banks in India is 3.00% and banks do not earn any interest on those reserves.

In addition, under the Banking Regulation Act, all banks operating in India are required to maintain an SLR. The SLR is a specified percentage of a bank's net demand and time liabilities by way of liquid assets such as cash, gold or approved unencumbered securities. Approved unencumbered securities consist of unencumbered Government securities and other securities as may be approved from time to time by the RBI and would earn lower levels of interest as compared to advances to customers or investments made in other securities. In its Statement on Developmental and Regulatory Policies dated December 5, 2018, as a part of a transition to comply with the LCR requirement of 100.00% by January 1, 2019, the RBI reduced the SLR by 0.25% every calendar quarter from 19.50% of net demand and time liabilities to 19.25% from January 5, 2019 and to 18% from April 11, 2020. For the fiscal year 2020, all Government securities held by us comprised fixed income bonds. In an environment of rising interest rates, the value of Government securities and other fixed income securities may depreciate. Our large portfolio of Government securities may limit our ability to deploy funds into higher yielding investments. Further, a decline in the valuation of our trading book as a result of rising interest rates may adversely affect our financial condition and results of operations. As a result of the statutory requirements imposed on us, we may be more structurally exposed to interest rate risk as compared to banks in other countries. While our SLR as at March 31, 2020 satisfied the regulatory requirement, we breached the regulatory minimum SLR during the fiscal year ended March 31, 2020. Subsequent to March 31, 2020, our deposit base was further reduced to ₹1,027,178.48 million and our LCR further fell to 34.8% as at May 2, 2020. We provided for ₹3,344.38 million for the probable penalty on the breach of our SLR requirements during fiscal year 2020. We had also breached the RBI mandated minimum Tier I ratio of 8.875% and CET I ratio of 7.735% with our Tier I and CET I ratio of 6.5% and 6.3% as at March 31, 2020. This was further exacerbated by our decision to enhance our PCR on our NPA loans over and above the RBI loan level provisioning requirements on a prudent basis for the year ended March 31, 2020.

Further, the RBI may increase the CRR and SLR requirements to significantly higher proportions as a monetary policy measure. Any increase in the CRR from the current levels could affect our ability to deploy our funds or make investments, which could in turn have a negative impact on our results of operations. If we are unable to meet the requirements of the RBI, the RBI may impose penal interest or prohibit us from receiving any further fresh deposits, which may have a material adverse effect on our business, financial condition and results of operations.

42. ***We are subject to capital adequacy norms and are required to maintain a CRAR at the minimum level required by the RBI for domestic banks.***

According to the terms and conditions of our banking license, the RBI requires us to maintain a minimum CRAR of 10.875% (including capital conservation buffer). In addition, the RBI issued the RBI Basel III Capital Regulations on May 2, 2012 pursuant to the Bank for International Settlement's Basel III international regulatory framework and was implemented on April 1, 2013. The RBI Basel III Capital Regulations require, among other things, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I capital. The RBI Basel III Capital Regulations also set out elements of regulatory capital and the scope of the capital adequacy framework, including disclosure requirements of components of capital and risk coverage. The transitional arrangements for the implementation of Basel III capital regulations in India began on April 1, 2013 and the guidelines are required to be fully implemented by September 30, 2020. In accordance with the Basel III capital regulations, we are required to maintain a minimum CET I capital ratio of 5.50%, a minimum Tier I CRAR of 7.00% and a capital conservation buffer of 1.875% of its risk weighted assets.

As of March 31, 2020, our CRAR under the RBI Basel III Capital Regulations was 8.5%, with a Tier I capital adequacy ratio of 6.5%, a Tier II capital adequacy ratio of 2.0% and CET I capital adequacy ratio of 6.5%. Our CRAR under the RBI Basel III Capital Regulations as of March 31, 2018, 2019 and 2020 were 18.4%, 16.5% and 8.5% with a Tier I capital adequacy ratio of 13.2%, 11.3% and 6.5%, a Tier II capital adequacy ratio of 5.2%, 5.2% and 2.0% and CET I capital adequacy ratio of 9.7%, 8.4% and 6.5%, respectively. The Bank in breach of regulatory requirements of RBI regarding maintaining the minimum CET I and Tier I capital ratios (including CCB) which indicates the position of capital adequacy of a bank. The breach is primarily on account of the increase in the provision for advances during the year ended March 31, 2020 as the Bank has decided, on a prudent basis, to enhance its provision coverage ratio on its non-performing asset (NPA) loans over and above minimum RBI loan level provisioning. Notwithstanding the write back of the AT I bonds on 14 March 2020, the Bank was in breach of its Tier I capital ratio as at March 31, 2020.

We are exposed to the risk of the RBI increasing the applicable risk weight for different asset classes from time to time. In addition, with the approval of the RBI, banks in India may migrate to advanced approaches for calculating risk-based capital requirements in the medium term. If we fail to meet capital adequacy requirements, the RBI may take certain actions, including restricting our lending and investment activities, and the payment of dividends by us.

Further, continued compliance requirements with Basel III or other capital adequacy requirements imposed by the RBI may result in the incurrence of substantial compliance and monitoring costs. Moreover, if the Basel Committee releases additional or more stringent guidance on capital adequacy norms which are given the effect of law in India in the future, we may be forced to raise or maintain additional capital in a manner which could materially adversely affect our business, financial condition and results of operations. There can be no assurance that we will be able to comply with such requirements or that any breach of applicable laws and regulations will not have a material adverse effect on our business, financial condition and results of operations.

43. ***The objects of the Offer have not been appraised by any bank or financial institution and the deployment of the proceeds is at our discretion and is not subject to monitoring by any independent agency.***

The objects of the Offer have not been appraised by any bank or financial institution. Further, as we are a bank, in accordance with the SEBI ICDR Regulations, we are not required to appoint a monitoring agency. Hence, deployment of the proceeds will be at our discretion, as disclosed on page 120 of this Prospectus. As a result, we cannot assure you that we will be able to monitor the deployment of the proceeds in a manner similar to if we had appointed a monitoring agency.

44. ***Our business and financial performance are dependent on maintaining a successful branch network.***

As part of our growth strategy, our transaction banking group has been identified as a key area of growth. We will continue to invest resources to diversify our corporate, MSME and retail banking portfolio, with a focus on the retail and SME business segments. As a result, we have increased our branch network from 1,100 branches as of March 31, 2018 to 1,135 branches as of March 31, 2020. The expansion and effectiveness of our retail banking business is dependent on our branch network. Pursuant to changes in the RBI's licensing requirements, banks have general permission to open branches in Tier 1 to Tier 6 cities without obtaining prior licensing approval from the RBI, unless specifically restricted.

Banks are required to open 25% of their proposed branches during a particular year in unbanked rural (Tier 5 and Tier 6) centres. The opening of branches is subject to the delays and risks associated with obtaining suitable real estate in appropriate locations and setting up relevant infrastructure, including fitting-out premises. Our inability to optimize the operating performance of existing branches may materially and adversely affect our branch banking business and consequently our business, financial condition and results of operations.

45. ***We face challenges in developing new products and services.***

As part of our growth strategy, we have been diversifying and expanding our products and services for retail and micro, small and medium-sized enterprises (MSMEs) to include retail asset products, prepaid cards, travel cards, gold distribution and a remittance platform. In addition, we have expanded our network into semi-urban and rural areas. Such new initiatives and products and services entail a number of risks and challenges, including but not limited to the following:

- cost overhead including start-up expenditure;
- insufficient knowledge of and expertise applicable to the new businesses, which may differ from those required in our current operations, including management skills, risk management procedures, guidelines and systems, credit appraisal, monitoring and recovery systems;
- lower growth or profitability potential than we anticipate;
- failure to identify new segments and offer attractive new products and services in a timely fashion, putting us at a disadvantage to our competitors;
- competition from similar offerings or products and services by our competitors in the banking and non- banking financial services sectors;
- inability to attract customers from our competitors in our new businesses, as they may have substantially greater experience and resources in such businesses;
- failure to appropriately value collateral, including property and infrastructure assets, in order to lend on a secured basis;
- failure to attain requisite approvals from any regulatory authority;
- failure to accurately determine and monitor the creditworthiness of borrowers in our newer businesses and increases in the rate of defaults, including in our unsecured loans businesses;

- changes in regulations or Government policies that may restrict or cap the interest rates or fees and commissions that we may charge customers in any of our new businesses or compel changes to our business models that threaten the viability of our businesses;
- any negative publicity arising due to regulatory or other actions against third parties with whom we are associated and over whom we have no control;
- inability to enhance our risk management, internal controls and information technology systems to support a broader range of products and services, a higher scale of operations and an increased retail customer base;
- inability to attract and retain personnel who are able to implement, supervise and conduct the new business activities on commercially reasonable terms; and
- inability to respond promptly to new technology developments and be in a position to dedicate resources to upgrade our systems and compete with new players entering the market.

Even if we are able to successfully diversify our products and services while managing the associated risks and challenges, our returns on such products and services may be less than anticipated. In addition, if our competitors are able to better anticipate the needs of customers within our target market, our market share could decrease.

There will also be increased expenditure as a result of our strategy to expand into new geographies, including those planned for our branch network expansion, and newer businesses, such as retail assets, where our brand is not well known in the market. There is no assurance that we will be able to increase awareness of our brand and even if we are successful in our branding efforts, such efforts may not be cost-effective. If we are unable to maintain or increase awareness of or otherwise enhance our brand in a cost-effective manner, this could negatively impact our ability to expand our business or compete effectively, which may materially and adversely affect our business, financial condition and results of operations.

46. ***We are vulnerable to deterioration in the performance of any industry sector in which we have significant exposure.***

We calculate customer and sector exposure, as required by the RBI. The Bank's exposure to corporate borrowers is dispersed throughout industry sectors, the most significant sectors include construction, electricity (generation/transmission and distribution), iron and steel, social and commercial infrastructure, gems and jewellery, telecommunication, vehicle parts and transport equipment and vehicles, which represented 9.75%, 5.44%, 3.10%, 1.93%, 1.00%, 2.82% and 2.13%, respectively, of our outstanding total balances as of March 31, 2020. Further to our exposures, see "*Our Business – Asset Quality and Composition*" on page 209.

We also have exposure in the real estate sector, including through home loans, loan against property, lease rental discounting, and loans to developers and commercial real estate loans which are particularly vulnerable to completion risk. Accordingly, we are exposed to the effects of volatility in real estate prices. Any sudden or sharp movement in housing or commercial real estate prices may adversely affect the demand and the quality of our portfolio which may have an adverse impact on our business and growth strategy. Any adverse impact on the real estate sector due to changing regulations may diminish the value of our collateral which may affect our business, cash flows and results of operations in the event of a default in repayment by borrowers. Also, if any of the projects which form part of our collateral are stalled for any reason for any length of time, the same may affect our ability to enforce its security, thereby effectively diminishing the value of such security.

Despite monitoring our level of exposure to sectors and borrowers, any significant deterioration in the performance of a particular sector driven by events not within our control, such as natural calamities, regulatory action or policy announcements by central or state government authorities, or a slowdown in a particular sector, would adversely impact the ability of borrowers within that industry to service their debt obligations to it. As a result, we would experience increased delinquency risk which may have a material adverse effect on our business, financial condition, results of operations and cash flow.

47. ***Any decrease in the value of the collateral securing our advances to borrowers or our inability to foreclose on collateral in the event of default may result in a failure to recover the expected value of the collateral.***

As of March 31, 2020, 75.89% of our advances were secured by tangible assets, including advances secured by fixed deposits and book debts and 0.16% of our advances were secured by Bank/Government Guarantees; in addition, for 2.20% of our advances, security creation was in progress as of the same date. In certain cases, we obtain security by way of a first or second charge on fixed assets, such as real property, moveable assets, and financial assets, such as marketable securities, corporate guarantees and personal guarantees. In addition, project advances or long-term advances to corporate customers are secured by a charge on fixed assets and other security. The value of the collateral securing our loans may significantly fluctuate or decline due to factors beyond our control. Any decrease in the realizable value of collateral at the time of recovery will have an adverse impact on the amounts we recover.

In India, foreclosure on collateral generally requires filing a suit or an application in a court or tribunal. Although special tribunals have been set up for expeditious recovery of debts due to banks, any proceedings brought may be subject to delays and administrative requirements that may result in, or be accompanied by, a decrease in the value of the collateral. The SARFAESI Act and the Recovery of Debts Due to Banks and Financial Institutions Act 1993, as amended, have strengthened the ability of lenders to recover NPAs by granting them greater rights to enforce security and recover amounts owed from secured borrowers. However, there can be no assurance that this legislation will have a favorable impact on our efforts to recover NPAs as the full effect of such legislation is yet to be determined in practice. Any failure to recover the expected value of collateral would expose us to potential loss.

The Prudential Framework for Resolution of Stressed Assets (the "**Revised Framework**") introduced by the RBI on June 7, 2019 requires banks to put in place a board approved policy for resolution of stressed assets where banks are required to, within a period of 30 days from the date of occurrence of a default ("**Review Period**"), review the account of the borrower and determine a strategy for implementing a resolution plan or choose to initiate legal proceedings or recovery. The resolution plan is to be implemented within 180 days from the end of the Review Period. Depending on the aggregate exposure (including fund based and non-fund based) of the borrower towards the lender, the Review Period is required to commence on the dates as mentioned in the Revised Framework. In light of COVID-19, in respect of accounts which were within the Review Period as on March 1, 2020, the period from March 1, 2020 to August 31, 2020 shall be excluded from the calculation of the 30-day timeline for the Review Period. With the aim to alleviate the lingering impact of COVID-19 on businesses and financial institutions in India, RBI has further extended the resolution timelines.

The Insolvency and Bankruptcy Code enacted in 2016 provides for a time-bound mechanism to resolve stressed assets. While the Insolvency and Bankruptcy Code was enacted to provide an efficient method for recovery of stressed assets, the process of resolution of accounts referred under the Insolvency and Bankruptcy Code is still evolving, with periodic amendments being incorporated in the framework through both legislation and judicial decisions. This could delay the resolution of accounts that have been referred. Should the resolution of accounts not be achieved, the borrowers will go into liquidation, and the market value of the collateral may come down thus impacting the recovery of dues by lenders. Any significant changes to the resolution process under the Insolvency and Bankruptcy Code may also affect investors' confidence in the Indian financial banking sector. In light of COVID-19, the Government of India has declared that there will be no fresh additions under the IBC code for one year and this may affect the recoveries for the Bank.

While the SARFAESI Act in 2002 granted lenders greater rights to enforce security and recover amounts owed from secured borrowers, without the intervention of the court or tribunal, the legislation affirmed the right of a defaulting borrower to appeal to the Debt Recovery Tribunal ("**DRT**"). The SARFAESI has been recently amended and the key amendments include: (a) Debenture Trustees registered with SEBI have now been included in the definition of 'secured creditor', and can take enforcement action under Section 13 of the SARFAESI, as the remedies under SARFAESI have been extended to apply to listed debt securities. The scope of SARFAESI has been widened to include hire purchase, financial leasing and conditional sale transactions; (b) the process of taking possession over collateral against which a loan has been provided by a secured creditor, with the assistance of the Chief Metropolitan Magistrate or District Magistrate, has been made time-bound, requiring an order to be passed within 30 days from the date of the application by the secured creditor; and (c) amendments in relation to registration of security interest have been introduced, including *inter alia* setting up of a central database to integrate records of security registered under various registration systems.

The DRT has the power to issue a stay order prohibiting lenders from selling the assets of a defaulted borrower. As a result, there can be no assurance that any foreclosure proceedings would not be stayed by the DRT. In addition, there is also no assurance that the Insolvency and Bankruptcy Code will continue to have a favourable impact on our efforts to resolve NPAs.

In addition, we may not be able to realise the full value of the collateral as a result of, among other factors:

- defects or deficiencies in the perfection of collateral (including obtaining required approvals from third parties);
- fraud by borrowers;

- depreciation in the value of the collateral, illiquid market for the disposal of and volatility in the market prices of the collateral; and
- current legislative provisions or changes thereto and future judicial pronouncements.

There can be no assurance that our Bank will be able to realise our collateral fully or at all and we may be compelled to restructure our loans. Our ability to realise the value of our collateral may also be exacerbated due to the impact of COVID-19. A failure to recover the expected value of collateral security could expose us to a potential loss and could have a material adverse effect on our business, financial condition, results of operations and cash flow.

48. ***The level of restructured advances in our portfolio may increase and the failure of such restructured advances to perform as expected could affect our business, financial condition and results of operations.***

Our standard assets include total outstanding standard restructured advances. Our total outstanding standard restructured advances, including the former SDR, S4A and 5:25 schemes, amounted to ₹1,716.80 million, or 0.09% of gross advances, as of March 31, 2020 and ₹3,376.49 million, ₹2,079.87 million or 0.16%, 0.08% as of March 31, 2018, 2019 respectively. The quality of our long-term project finance loan portfolio could be adversely impacted by several factors. Economic and project implementation challenges, in India and overseas, could result in additions to restructured advances and we may not be able to control or reduce the level of restructured advances in our project and corporate finance portfolio.

The RBI has, through the Revised Framework, pursuant to which existing guidelines and schemes for debt resolution such as revitalising distressed assets, CDR, flexible structuring of existing long-term project loans, SDR, change in ownership outside SDR, and S4A have been withdrawn. In addition, the guidelines/framework for joint lenders' forum has also been discontinued. According to the Revised Framework, the lenders must identify incipient stress in loan accounts immediately on default by classifying stressed assets as special mention account. Under the Revised Framework, banks are required to put in place a board approved policy for resolution of stressed assets. Upon the occurrence of a default, banks are required to within the Review Period, review the account of the borrower and determine a strategy for implementing a resolution plan or choose to initiate legal proceedings or recovery. Depending on the aggregate exposure (including fund based and non-fund based) of the borrower towards the lender, the Review Period is required to commence on such dates as mentioned in the Revised Framework. However, with the aim to alleviate the lingering impact of COVID-19 on businesses and financial institutions in India, RBI has currently extended the resolution timelines.

The combination of changes in regulations regarding restructured advances, provisioning, and any substantial increase in the level of restructured assets and the failure of these structured advances to perform as expected could adversely affect our business and future financial performance.

49. ***We are exposed to fluctuations in foreign exchange rates.***

As a financial intermediary, we are exposed to exchange rate risk in our foreign exchange transactions and related derivative transactions. As of March 31, 2018, 2019 and 2020, our credit exposure on account of outstanding gross forward exchange contracts amounted to ₹93,577.45 million, ₹101,707.60 million and ₹57,079.44 million, respectively. Further, as of March 31, 2020, our borrowings outside India were ₹130,949.56 million, which constituted 5.08% of our total liabilities, thereby resulting in foreign currency risk in respect of our ability to service such debt. We hedge these liabilities to mitigate the impact of fluctuations in foreign currency rates. However, we may maintain unhedged foreign currency exposure up to the net overnight open position limit ("**NOOPL**") that is exposed to foreign currency rate fluctuations. We have in the past breached our approved NOOPL. There is no assurance we may not breach our approved NOOPL in future which may expose us to further fluctuations in foreign exchange rates and/or subject us to RBI scrutiny. Further, hedged exposures where the relevant counterparty fails to perform their obligations are also exposed to foreign currency fluctuations. Volatility in foreign exchange rates may be further accentuated due to other global and domestic macroeconomic developments. Adverse movements in foreign exchange rates may also affect our borrowers negatively, which may in turn affect the quality of our exposure to these borrowers. Volatility in foreign exchange rates may materially and adversely affect our business, financial condition and results of operations.

50. ***We operate in a highly competitive environment and our ability to grow depends on our ability to compete effectively. The grant of new banking licenses to private sector entities may materially and adversely affect our business, financial condition and results of operations.***

The Indian banking industry is highly competitive. We face strong competition in all our lines of business from much larger Indian and foreign commercial banks, non-banking financial companies, insurance companies, mutual funds, financial service firms and other entities operating in the Indian financial sector. We compete directly with large Government-controlled public sector banks, major private sector banks and foreign banks with branches in India. As of March 31, 2020, there were 86 scheduled commercial banks in India, including 18 public sector banks, 22 private sector banks (including the Bank) and 46 foreign banks with branches in India.

Public sector banks, which generally have a much larger customer and deposit base, larger branch networks and Government support for capital augmentation, pose strong competition to us. Mergers among public sector banks may result in enhanced competitive strengths in pricing and delivery channels for the merged entities. Further, a number of the private sector banks in India have a larger customer base and greater financial resources than us, giving them a substantial advantage by enabling economies of scale and improving organizational efficiencies.

The RBI has liberalized the licensing regime and intends to issue licenses on an ongoing basis, subject to the RBI's qualification criteria. The RBI has also released guidelines with respect to a continuous licensing policy for universal banks in August 2016. As of March 31, 2020, seven payment banks have commenced operations. Any such existing or new competitor banks could have a substantial advantage over us in enabling economies of scale, such as in purchasing technology and other capabilities, improving organizational efficiencies, marketing and promotion and pricing, as well as more developed bases of consumer financing customers.

We also compete with foreign banks with operations in India. These competitors include a number of large multinational banks and financial institutions as well as non-banking financial companies and housing finance companies. In November 2013, the RBI released a framework for the setting up of wholly-owned subsidiaries in India by foreign banks. The framework encourages foreign banks to establish a presence in India by granting rights similar to those received by Indian banks, subject to certain restrictions and safeguards. Under the current framework, wholly-owned subsidiaries of foreign banks are allowed to raise Rupee resources through issue of non-equity capital instruments. Further, wholly-owned subsidiaries of foreign banks may be allowed to open branches in Tier 1 to Tier 6 centres (except at a few locations considered sensitive on security considerations) without having the need for prior permission from the RBI in each case, subject to certain reporting requirements.

Further, technology innovations in mobilization and digitization of financial services require banks to continuously develop new and simplified models for offering banking products and services. This could increase competitive pressures on banks, including us, to adapt to new operating models and upgrade back- end infrastructure on an ongoing basis. There is no assurance that we will be able to continue to respond promptly to new technology developments, and be in a position to dedicate resources to upgrade our systems and compete with new players entering the market. Please see "*Risk Factors – We rely extensively on our information technology systems and the telecommunications network in India which require significant investment and expenditure for regular maintenance, upgrades and improvements*" on page 61.

In addition, we may face attrition and difficulties in hiring at senior management and other levels of appropriate skill and expertise due to competition from existing Indian and foreign banks, as well as new banks entering the market. Due to such intense competition, we may be unable to execute our growth strategy successfully and offer competitive products and services that generate reasonable returns, reduce our currently high operating costs and retain our competitive advantage, which could negatively impact our profit margins and materially and adversely affect our business and financial results.

All of the foregoing factors may result in a material adverse effect on our business, financial condition and results of operations.

New payment banks and certain financial technology companies are being granted licenses to conduct business as small finance banks and payment banks. With the new entrants in the payment space, the competition in the payments landscape is likely to increase. If we are unable to sustain our technology investments or if there is any increased competition within the payment space, there may be a material adverse effect on our business, financial condition and results of operations.

In addition, new entrants into the financial services industry, including companies in the financial technology sector, may further intensify competition in the business environments, especially in the digital business environment, in which we operate. As a result, we may be forced to adapt our business to compete more effectively. There can be no assurance that we will be able to respond effectively to current or future competition or that the technological investments we make in response to such competition will be successful. Due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services (whether current or new offerings) at reasonable returns and this may adversely impact our business. If we are unable to retain and attract new customers, our revenue and net profits will decline, which could materially adversely affect our financial condition.

51. ***Regulations in India require us to extend a minimum level of advances to certain sectors, including agriculture. These may subject us to higher delinquency rates, impacting our business and the market price of our Equity Shares. Our inability to comply with Indian priority sector lending requirements may require it to invest in funds with a lower return than it would otherwise obtain in the market, thereby impacting our profitability.***

The RBI mandates all banks that are operating in India to direct a certain portion of their lending to specified "Priority Sectors" such as agriculture, MSEs, housing and education, and has specified a target for domestic banks as a percentage of their previous fiscal year's ANBC. RBI regulations specify that priority sector requirements should be met on the basis of the credit equivalent of off-balance sheet exposure rather than ANBC, if such off-balance sheet exposure by a bank is higher than its ANBC. For the fiscal years 2018, 2019 and 2020, our priority sector lending accounted for 39.47%, 40.26% and 31.42% of our ANBC, respectively. These percentages comprise our direct lending to priority sectors and the purchase of PSLCs in lieu of the lending, as permitted by the RBI. In the case of any shortfall by us in meeting priority sector lending requirements, we would subsequently be required to place the difference between the required lending level and our actual priority sector lending in an account with the National Bank for Agriculture and Rural Development under the Rural Infrastructure Development Fund Scheme, or with other financial institutions specified by the RBI, from which we would earn lower levels of interest compared to advances made to the priority sector.

We had recorded shortfall in overall PSL targets and certain sub-sections. We placed an aggregate ₹71.25 billion in fiscal year 2020 with the following institutions on account of the shortfall: NABARD (₹46.35 billion), SIDBI (₹23.28 billion), National Housing Bank (₹0.54 billion) and Mudra (₹1.08 billion).

Further, subsequent deposits placed by banks on account of non-achievement of priority sector lending targets or sub-targets are not eligible for classification as indirect finance to agriculture or MSEs, as the case may be. Moreover, the RBI is required to take into account any shortfall in meeting specific priority sector lending targets, at the time of granting any approvals sought by a bank, from time to time. Such circumstances could materially and adversely affect our business, financial condition and results of operations.

Any change in RBI regulations may require us to increase our lending to relatively higher risk segments, which may result in an increase in our NPAs under our directed lending portfolio. Any increase in our direct lending to certain sectors will result in an increase in our exposure to the payment risks inherent in such sectors, which could materially and adversely impact our business, financial condition and results of operations. Any requirements by the RBI that specify changes in priority sector lending may adversely affect our business, financial condition and results of operations.

In addition to the PSL requirements, the RBI encouraged banks in India to have a financial inclusion plan for expanding banking services to rural and unbanked centres and to customers who currently do not have access to banking services. The expansion into these markets involves significant investments and recurring costs. The profitability of these operations depends on our ability to generate business volumes in these centres and from these customers. Future changes by the RBI in the directed lending norms may result in our inability to meet the PSL requirements as well as require us to increase our lending to relatively more risky segments and may result in an increase in non-performing loans.

52. ***We rely on accuracy and completeness of information about customers and counterparties and such information can be inaccurate or materially misleading.***

We rely on accuracy and completeness of information about customers and counterparties while carrying out transactions with them or on their behalf. We may also rely on representations as to the accuracy and completeness of such information. For example, we may rely on reports of independent auditors with respect to financial statements, and decide to extend credit based on the assumption that the customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our financial condition and results of operations could be negatively impacted by such reliance on information that is inaccurate or materially misleading. This may affect the quality of information available to it about the credit history of our borrowers, especially individuals and small businesses. As a consequence, our ability to effectively manage our credit risk may be adversely affected.

53. ***Any significant disruption in or unauthorized access to our computer systems or those of third parties that we utilize in our operations, including those relating to cybersecurity or arising from cyber-attacks, could result in a loss or degradation of service, unauthorized disclosure of data, which could adversely impact our business.***

Our reputation and ability to attract, retain and serve our consumers is dependent upon the reliable performance and security of our computer systems and those of third parties that we utilize in our operations. These systems may be subject to damage or interruption from earthquakes, adverse weather conditions, other natural disasters, terrorist attacks, power loss, telecommunications failures, and cybersecurity risks. Interruptions or malfunctions (including those due to equipment damage, power outages, computer viruses and a range of other hardware, software and network problems) in these systems, or with the internet in general, could make our service unavailable or degraded or otherwise hinder our ability to deliver streaming content. Service interruptions, errors in our software or the unavailability of computer systems used in our operations could diminish the overall attractiveness of our service to existing and potential subscribers. Our computer systems and those of third parties we use in our operations are vulnerable to cybersecurity risks, including cyber-attacks, both from state-sponsored and individual activity, such as computer viruses, denial of service attacks, physical or electronic break-ins and similar disruptions. These systems periodically experience directed attacks intended to lead to interruptions and delays in our service and operations as well as loss, misuse or theft of data or intellectual property. Any attempt by hackers to obtain our data, disrupt our service, or otherwise access our systems, or those of third parties we use, if successful, could harm our business, be expensive to remedy and damage our reputation.

We have devoted and will continue to devote significant resources to the security of our computer systems; however, we cannot guarantee that we will not experience such malfunctions, attacks or interruptions in the future. A significant or large-scale malfunction, attack or interruption of one or more of our computer or database systems could adversely affect our ability to keep our operations running efficiently.

54. ***Any shift in focus of our existing corporate strategy may not be successful and may have an adverse effect on our business, reputation, financial condition and results of operation.***

In light of the changing macroeconomic landscape which is increasingly competitive, we have recently adopted a change in focus of our corporate strategy that seeks to generate long-term value for our customers, employees, investors and the community. Our transaction banking group has been identified as a key area of growth as we continue to expand our retail and SME business segments. We have also shifted from an asset-led operating model to a liability-led operating model, which will allow us to reduce operating costs and carefully consider any asset growth opportunities. There can be no assurance that we will be able to scale our liability franchise at the same rate as our asset growth, which may result in higher cost of borrowing. While these strategies are implemented to ensure that we remain well-positioned to ride on the economic trends to deliver sustainable business growth, we may see lower profitability in the short term during the transition phase. There can also be no assurance that we will be able to achieve the aims of our growth strategies as the success of our plans are also dependent on factors such as regulatory and economic conditions, some of which are beyond our control. For example, one of our growth strategies involves the funding of our loans and advances through deposits. There can be no assurance that we will generate enough deposits to meet our funding requirements, which could have a material adverse effect on our operations and performance.

In addition, these strategies are also dependent on the continued employment and services of our senior management team which continues to provide the strategic direction for our growth. In the event that there are any changes to our senior management team, we may not be able to continue to successfully implement these strategies, which could have a material adverse effect on our operations and performance.

55. ***Decentralization of decision making may create several operational, reputational and regulatory risks***

At present, most of our core functions such as credit approval and risk management are handled centrally at our head office. As we expand geographically and across a wider range of business segments, our decision-making process may become increasingly de-centralized. There could be delay in making key decisions and this may lead to operational and reputational risks such as frauds. In addition, this could lead to diversification in risk management which may also increase our regulatory risks.

56. ***We have purchased/sold securitised pools of retail assets and any deterioration of a pool's performance may adversely impact our financial performance.***

We have purchased/sold securitised pools of retail assets, which are mostly credit enhanced and have been rated by external rating agencies using pre-selection criteria. Any deterioration in the quality of these pools could trigger an increase in our provisioning requirements and thus may materially and adversely affect our business, financial condition and results of operations.

57. ***We could be adversely affected by the inability of our vendors to perform their contractual obligations.***

Where necessary, work may be outsourced to third parties who have expertise in the relevant area of our operations. In selecting its partners, we will take into account the specific expertise and competencies required for the project in question and the experience, historical track record and financial standing of the partners concerned. However, there can be no assurance that there will be no disruption in the services provided by our vendors, which may have an adverse effect on our business, reputation, financial condition and results of operation.

For example, we are dependent on various vendors for certain non-core elements of our operations including implementing IT infrastructure and hardware, branch roll-outs, managing our data center, and back-up support for disaster recovery. Further, as part of our recent expansion into retail products we have also outsourced certain activities, including the installation and management of our ATMs. Generally, we have agreements with only one or two service providers for each outsourced activity and such agreements are typically non- exclusive and short term. However, if such agreements are terminated or not renewed or replaced in a timely manner, this may result in a disruption of our operations. Further, non-compliance of applicable laws by such vendors may put us at risk of potential legal liability. Failure to perform any of these functions by our vendors or service providers may materially and adversely affect our business, financial condition and results of operations.

58. ***If we are unable to obtain, renew or maintain advantageous third party relationships, it may have a material adverse effect on our business, financial condition and results of operations.***

We have enjoyed competitive advantage due to some marquee relationships that the bank has fostered. For example, the volume of transactions through our Unified Payment Interface ("**UPI**"), has grown by eight times in fiscal year 2020 as compared to fiscal year 2019. For fiscal year 2020, we have processed 4.51 billion transactions, 3.19 billion peer-to-peer transactions and 1.32 billion merchant transactions. It was also consistently ranked first in merchant transactions with a market share of 36% as of March 31, 2020. While we have, in the past, maintained our market share through our partnership with a leading third-party payment application, there can be no assurance that our competitors will not procure similar partnerships or that we are able to maintain such third-party partnerships, which may have an adverse effect on our business, reputation, financial condition and results of operation. The moratorium imposed by the RBI has created challenges in our relationships with our third-party vendors with certain vendors moving to competing banks. When the moratorium was lifted, the Bank was able to resume relationships with the vendors. However, there is no guarantee that such challenges will not arise in the future.

59. ***We may not be able to effectively manage the growth of our retail asset portfolio and maintain the quality of our retail loan portfolio.***

Our net retail asset portfolio has experienced significant growth in recent years. Total retail advances grew from ₹248,319.18 million as at March 31, 2018 to ₹403,045.58 million as at March 31, 2019, to ₹407,549.38 million as at March 31, 2020. For fiscal year 2020, our retail portfolio gross NPA increased to 1.23% while for the fiscal years 2018 and 2019, gross NPA stood at 0.51% and 0.42%, respectively. In addition, our current growth strategy contemplates further growth in its retail asset portfolio. Our Bank's failure to effectively manage the recent or future growth of our retail portfolio and maintain the quality of our retail loan portfolio could adversely affect our business, financial condition and results of operation. Competition in the retail segment is intense and our ability to effectively compete in this segment will depend, in part, on our ability to offer a diverse product mix and expand its distribution capabilities. Although India has a credit bureau industry and we review credit history reports whenever they are available from credit bureaus, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. As a result, our credit risk exposure is higher compared with banks operating in more developed markets. In addition, the economy in India is largely cash based, making it difficult for us to monitor the credit of our retail customers, who frequently do not maintain formal financial records. Furthermore, retail loans may carry a higher risk for delinquency if there is an increase in unemployment, prolonged recessionary conditions or a sharp rise in interest rates. As a result, we are exposed to higher credit risk in the retail segments as compared to banks in more developed markets. If our screening process proves to be inadequate, we may experience an increase in impaired loans and we may be required to increase our provision for defaulted loans. If we are unable to maintain the quality of our retail loan portfolio as we grow our retail business, our NPAs may increase, which could materially and adversely affect our business, financial condition and results of operation.

60. ***Our unsecured loan portfolio is not supported by any collateral, and in the event of non-payment by a borrower of one of these loans, we may not be able to collect the unpaid balance.***

We offer unsecured personal loans and credit cards to the retail customer segment, including salaried individuals and self-employed professionals, and unsecured loans to small businesses and individual businessmen. In fiscal years 2018, 2019 and 2020, we offered ₹32.07 billion, ₹51.09 billion, and ₹60.86 billion respectively, of such above, which represented 1.58%, 2.12% and 3.55% of our net advances in those periods, respectively.

Such unsecured loans are a greater credit risk for us than our secured loan portfolio because they may not be supported by realizable collateral that could help ensure the bank adequate source of repayment for the loan. Although we adopt various risk mitigation measures, including obtaining post-dated cheques from our customers for our unsecured loan products, we may not be able to collect in part or at all in the event of non- payment by a borrower. Further, any expansion in our unsecured loan portfolio could require us to increase our provision for credit losses, which would decrease our earnings.

61. ***Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.***

We have devoted significant resources to develop our risk management policies and procedures and aim to continue to do so in the future. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures which could be significantly greater than those indicated by the historical measures.

Management of operations, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. As we seek to expand the scope of our operations, we also face the risk that we will be unable to develop risk management policies and procedures that are properly designed for new business areas or to manage the risks associated with the growth of our existing businesses effectively. Implementation and monitoring may prove particularly challenging with respect to businesses that we plan on developing, such as retail banking. An inability to develop and implement effective risk management policies may materially and adversely affect our business, financial condition and results of operations.

62. ***We rely extensively on our information technology systems and the telecommunications network in India, which require significant investment and expenditure for regular maintenance, upgrades and improvements.***

Our information technology systems are a critical part of our business that help us manage, among other things, our risk management, deposit servicing and loan origination functions, as well as our increasing portfolio of products and services. We are heavily reliant on our technology systems in connection with financial controls, risk management and transaction processing. In addition, our delivery channels include ATMs, a call centre and the internet. Our offline and online business channel networks are dependent on a dense, comprehensive telecommunications network in India. While deregulation and liberalization of telecommunications laws have prompted the steady improvement in local and long-distance telephone services, telephone network coverage and accessibility is still intermittent in many parts of India. Failure by the Indian telecommunications industry to improve network coverage to meet the demands of the rapidly growing economy may affect our ability to expand our customer base, acquire new customers or service existing customers by limiting access to our services and products. This may materially and adversely affect our business, financial condition and results of operations.

Our success will depend, in part, on our ability to respond to new technological advances and emerging banking, capital markets, and other financial services industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction processing systems to customer requirements or improving market standards. Such technology updates may result in significant costs of the Bank. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business, future financial performance and the trading price of the Equity Shares could be materially affected.

We use our information systems and the internet to deliver services to, and perform transactions on behalf of, our customers and we may need to regularly upgrade our systems, including our software, back-up systems and disaster recovery operations, at substantial cost so that we remain competitive. Our hardware and software systems are also subject to damage or incapacitation by human error, natural disasters, power loss, sabotage, computer viruses and similar events or the loss of support services from third parties such as internet backbone providers. There is no warranty under our information technology licence agreements that the relevant software or system is free of interruptions, will meet our requirements or be suitable for use in any particular condition. At present, we have not experienced widespread disruptions of service to our customers, but there can be no assurance that we will not encounter disruptions in the future due to substantially increased numbers of customers and transactions, or for other reasons. Any inability to maintain the reliability and efficiency of our systems could adversely affect our reputation, and our ability to attract and retain customers. In the event that we experience system interruptions, errors or downtime (which could result from a variety of causes, including changes in customer use patterns, technological failure, changes to systems, linkages with third-party systems and power failures), we are unable to develop necessary technology, or any other failure occurs in our systems, this may materially and adversely affect our business, financial condition and results of operations.

63. ***Major fraud, lapses of control, system failures, security breaches or calamities could adversely affect our business.***

We are vulnerable to risks arising from the failure of our employees to adhere to approved procedures and system controls, fraud, system failures, information system disruptions, communication systems failures, computer break-ins, power disruptions and data interception during transmission through external communication channels and networks. There can be no assurance that our systems and measures are adequate to prevent fraud, security breaches or the invasion or breach of the network by intruders and theft of data. Failure to protect against fraud or breaches in security may adversely affect our operations and future financial performance. Our reputation could be adversely affected by significant fraud committed by our employees, agents, customers or third parties.

We maintain a disaster recovery centre for our core banking applications at Bengaluru in the event that our main computer centre at Mumbai shuts down for any reason. The system in Bengaluru is configured to come into operation if the Mumbai system is no longer operational. However, if for any reason the switch over to the back-up system does not take place or if a calamity occurs in both Mumbai and Bengaluru such that our business is compromised at both centres, our operations would be adversely affected.

64. ***Employee misconduct could harm us and is difficult to detect and deter.***

There have been a number of highly publicized cases involving fraud, money laundering or other misconduct by employees and executives in the financial services industry, including those in connection with us, in recent years. Although we have a committee in place dedicated to monitoring fraud, we run the risk that such misconduct could occur. Misconduct by employees or executives could include binding us to transactions that exceed authorized limits or present unacceptable risks or hiding unauthorized or unlawful activities from us, which may result in substantial financial losses and damage to our reputation.

Employee or executive misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm, including harm to our brand. It is not always possible to deter employee or executive misconduct and the precautions taken and systems put in place to prevent and detect such activities may not be effective in all cases. We have, in the past, received complaints against our employees in relation to misuse of authority and forgery of documents and signatures. While we have investigated each complaint and have taken necessary actions against such employees, we cannot assure you that we will not be subject to any further action from such complainants. Any such complaints, whether with or without merit, could result in substantial costs and diversions of resources, which could negatively affect our reputation and have a material adverse effect on our business and operations.

65. ***Our insurance coverage may not adequately protect us against losses, which could adversely affect our business, financial condition and results of operations.***

We maintain insurance coverage that we believe is adequate for our operations. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain ongoing insurance policies in respect of our premises, office automation, furniture and fixtures, electronic equipment, employee fidelity, cash in premises, cash in transit, public liability and other valuables and documents. These assets are insured against burglary, theft and fire. We also maintain a directors' and officers' liability policy to cover certain liabilities that may be imposed on our directors and officers. We believe that our insurance coverage is appropriate and adequate for our operations. We do not have any key man insurance policy in place. We cannot, however, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Any successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including any increase in premium or any imposition of larger deductibles or co-insurance requirements, could adversely affect our business, financial condition and results of operations.

66. ***Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, capital expenditure, long-term target payout ratios, growth and investment opportunities, current capital ratios, current & prospective financial performance and other macro and micro-economic factors.***

Our ability to pay dividends in the future will depend on our earnings, financial condition and capital requirements (as impacted by Basel III). We have a board-approved dividend policy to govern our dividend payout. We may not generate sufficient income to cover our operating expenses and therefore may be unable to pay dividends to our shareholders. Further, we might be restricted from paying dividends as per our dividend stopper policy. In addition, dividends that we have paid in the past may not be reflective of the dividends that we may be able to pay in the future despite the bank making enough profits. On April 17, 2020, RBI issued a circular prohibiting banks from making any further dividend pay-outs from profit pertaining to financial year ended March 31, 2020 until further notice. RBI is of the view that banks must conserve capital in the environment of heightened uncertainty due to COVID-19. As of the date of this Prospectus, the Bank does not meet the eligibility criteria for declaration of dividend for FY20 under the RBI Circular on Declaration of Dividends by Banks dated May 4, 2005.

67. ***Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.***

The following table sets forth certain information relating to our cash flows on a consolidated basis for the periods indicated:

	Fiscal Year		
	2018	2019	2020
		(in ₹ million)	
Net cash from / (used in) operating activities	(218,104.44)	(245,733.01)	(577,212.21)
Net cash from / (used in) investing activities	(87,448.96)	(62,936.89)	141,919.32
Net cash from / (used in) financing activities	357,479.19	330,393.23	250,383.09
Effect of exchange fluctuation on translation reserve	65.80	587.81	(635.92)
Net increase / decrease in cash & cash equivalents	51,991.59	22,311.14	(185,545.72)
Cash & cash equivalents at the beginning of the year	195,546.58	247,538.17	269,849.31
Cash & cash equivalents at the end of the year	247,538.17	269,849.31	84,303.58

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 423.

68. ***We may breach third-party intellectual property rights or be required to initiate claims against others infringing our intellectual property rights.***

We may be subject to claims by third parties, both inside and outside India, if we breach our intellectual property rights by using slogans, names, designs, software or other such subjects, which are of a similar nature to the intellectual property these third parties may have registered. Any legal proceedings that result in a finding that we have breached third parties' intellectual property rights, or any settlements concerning such claims, may require us to provide financial compensation to such third parties or make changes to our marketing strategies or to the brand names of our products, which may have a materially adverse effect on our brand, business, prospects, financial condition and results of operations.

69. ***Our customers may engage in certain transactions in or with countries or persons that are subject to U.S. and other sanctions.***

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries (such as Iran, North Korea, Sudan, Syria and the Crimea region) and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organisations also administer similar economic sanctions.

We provide transfer, settlement and other services to customers doing business with, or located in, countries to which certain OFAC-administered and other sanctions apply, such as Iran. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. Although we do not believe that we are in violation of any applicable sanctions, if it were determined that transactions in which we participate violate U.S. or other sanctions, we could be subject to U.S. or other penalties, and our reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions, could be adversely affected.

70. ***If more stringent labor laws become applicable to us or if our employees unionize, our profitability may be adversely affected.***

India has stringent labor legislation that protects employee interests, including legislation that prescribes detailed procedures for dispute resolution and employee removal and imposes financial obligations on employers upon retrenchment. If these labor laws become applicable to our employees or if our employees unionize, it may become difficult for us to maintain flexible human resource policies and attract and employ the numbers of sufficiently qualified candidates that we require. Equally, it may become difficult for us to discharge employees and we may be required to raise wage levels or grant other benefits that could result in a significant increase in our operating expenses, which may have a materially adverse effect on our business, financial condition and results of operations.

71. ***Our offices are located on leased premises and the non-renewal or premature termination of the existing lease agreements, or their renewal on unfavorable terms, could adversely affect our business and results of operations.***

Our registered office, corporate headquarters and all of our branches, ATMs and marketing outlets are located on premises leased from third parties, which require renewal from time to time. If we are unable to renew the relevant lease agreements, or if such agreements are renewed on unfavorable terms and conditions, we may be required to relocate operations. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease agreements. This may cause a disruption in our operations or result in increased costs, or both, which may materially and adversely affect our business, financial condition and results of operations.

72. ***We may continue to incur significant expenditure as a result of significant increases in hiring and branch infrastructure expansion to support our growth strategy recently.***

As at March 31, 2020, the number of the Bank's employees was 22,973, an increase of 9%, or 1,837, since March 31, 2019, mainly due to increased hiring to support the retail banking expansion strategy. Our payments to and provisions for employees were ₹26,913.25 million as at March 31, 2020 for fiscal year 2020. Further, our branches increased by 10 branches since March 31, 2020 to 1,135 branches. Our planned growth will require us to continue to significantly increase the number of employees at various levels and branches and effectively implement and improve training programmes. Such increasing activities and investments in our employees, branches and other associated infrastructure will require substantial expenditure and management effort and attention. There can be no assurance that we will be able to hire skilled labor with the relevant expertise, which may adversely affect our reputation, business, financial condition and results of operations. In addition, if we are unable to manage the efficiency of our employees and branches effectively, our operating expenses could increase disproportionately, which may have a material adverse effect on our business, financial condition, results of operations and cash flow.

71. ***We may neither be able to manage efficiency of our employees and branches effectively, nor manage the potential increase in expenditure to support our long term planned growth.***

The Bank is consolidating and optimising its branch expansion and human resource strategy. The Bank may have additional replacement cost if we witness higher than usual employee turnaround. Further, in the event that the Bank gets into high growth strategy similar to the period of fiscal year 2018 and fiscal year 2019, such replacement costs may significantly increase. As at March 31, 2020, the number of the Bank's employees was 22,973, an increase of 9%, or 1,837, since March 31, 2019, mainly due to increased hiring to support the retail banking expansion strategy. Our payments to and provisions for employees were ₹26,913.25 million as at March 31, 2020 for fiscal year 2020. Further, our branches increased by 10 branches since March 31, 2020 to 1,135 branches as at the date of this Prospectus. However, our long term planned growth may require us to continue to significantly increase the number of employees at various levels and branches. Increased activities and investments in our employees, branches and other associated infrastructure may require substantial expenditure and management effort. There can be no assurance that we will be able to hire skilled labor with the relevant expertise, which may adversely affect our reputation, business, financial condition and results of operations. In addition, if we are unable to manage the efficiency of our employees and branches effectively, our operating expenses could increase disproportionately, which may have a material adverse effect on our business, financial condition, results of operations and cash flow.

72. ***Our internal financial controls may be insufficient or may leave us exposed to unidentified or unanticipated risks, which could negatively affect our business or result in losses.***

Our management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by it while taking into account the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls to ensure the orderly and efficient conduct of our business, including adherence to our policies, the safeguarding of our assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013. The proper functioning of our internal financial control, risk management, accounting or other data collection and processing systems is critical to our businesses and our ability to compete effectively. If our internal financial controls are insufficient, our business, financial condition and results of operations could be materially and adversely affected.

73. ***The implementation of the RBI Basel III Capital Regulations may adversely affect us and the position of the noteholders.***

On December 17, 2009, the Basel Committee proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled 'Strengthening the Resilience of the Banking Sector'. On December 16, 2010 and on January 13, 2011, the Basel Committee issued its final guidance on Basel III and minimum requirements, respectively. The Basel Committee proposed that the guidelines be implemented from January 1, 2013. These guidelines have been implemented in India through the RBI Basel III Capital Regulations, which came into effect on April 1, 2013, and are subject to a series of transitional arrangements to be phased in over a period of time. The RBI has indicated that the capital requirements for the implementation of the RBI Basel III Capital Regulations may be lower during the initial period and higher in later years. The RBI Basel III Capital Regulations require, among other things, higher levels of Tier I capital, including common equity, capital conservation buffers, deductions from common equity Tier I capital for investments in subsidiaries (with minority interest), changes in the structure of debt instruments eligible for inclusion in Tier I and Tier II capital and preference shares in Tier II capital, criteria for classification as common shares, methods to deal with credit risk and reputational risk, capital charges for credit risks, introduction of a leverage ratio and criteria for investments in capital of banks, financial and insurance entities (including where ownership is less than 10.00%). The RBI Basel III Capital Regulations also stipulate that non-equity Tier I and Tier II capital should have loss absorbency characteristics, which require them to be written down or be converted into common equity upon the occurrence of a pre-specified trigger event.

In addition, the Basel Committee published a guidance report titled 'Principles for Sound Liquidity Risk Management and Supervision' in September 2008 to address the deficiencies that were witnessed in liquidity risk management during the 2008 global financial crisis. This was followed by the publication of ‘Basel III: International framework for liquidity risk measurement, standards and monitoring’ in December 2010 which introduced two minimum global regulatory standards, namely the LCR and the NSFR and a set of monitoring tools. The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets to survive an acute stress scenario lasting for 30 days. The NSFR promotes resilience over longer-term time horizons by requiring banks to fund their activities with more stable sources of funding on an ongoing structural basis.

In June 2014, the RBI issued guidelines in relation to LCR, liquidity risk monitoring tools and LCR disclosure standards pursuant to the publication of “Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools” in January 2013 and the “Liquidity Coverage Ratio Disclosure Standards” in January 2014 by the Basel Committee on Banking Supervision. The LCR is intended to ensure that banks maintain an adequate level of HQLAs to survive an acute stress scenario lasting for 30 days. Pursuant to the guidelines, banks are required to maintain an LCR of 70.00%, 80.00%, 90.00%, 100.00% and 100.00% with effect from January 1, 2016, January 1, 2017, January 1, 2018, January 1, 2019 and January 1, 2020 respectively. On April 17, 2020, RBI has reduced the LCR requirement of all scheduled commercial banks from 100% to 80%. The LCR requirement will be increased in phases with a target of 90% LCR by October 1, 2020 and 100% by April 1, 2021. Such requirement to maintain HQLA has adversely affected our profitability and any increase in the requirement will further adversely affect our profitability. Pursuant to the notification by the RBI dated January 10, 2019, the RBI deferred the implementation of the last tranche of 0.625% of capital conservation buffer from March 31, 2019 to March 31, 2020. This has been further deferred to September 30, 2020 as per the RBI notification dated March 27, 2020. However, considering the potential stress on account of COVID-19 pandemic. Our average LCR fell to 40.0% for the fiscal year ended March 31, 2020, which was lower than the regulatory requirement of 80%. The RBI granted the Bank a second 90-day special liquidity facility till September 12, 2020. Accordingly, as of the date of this Prospectus, the Bank is not in breach of the regulatory minimum LCR requirements.

The RBI issued the guidelines on NSFR on May 17, 2018 with the objective to ensure that banks maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The RBI, pursuant to the circular dated November 29, 2018, decided that the NSFR guidelines shall come into effect from April 1, 2020. On March 27, 2020 RBI announced deferment of NSFR guidelines by six months to October 1, 2020. For compliance towards NSFR norms, we may have to borrow long term to fund long- term assets resulting in an increase in interest expense.

The RBI or any other relevant authority may implement the package of reforms, including the terms which capital securities are required to have, in a manner that is different from that which is currently envisaged, or may impose more onerous requirements. There can be no assurance that we will be able to comply with such requirements or that any breach of applicable laws and regulations will not adversely affect our reputation, business, financial condition and results of operations.

74. ***We are subject to credit, market and liquidity risk which may have an adverse effect on our credit ratings and our cost of funds.***

To the extent that any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures, in particular to market environments or against particular types of risk. Our balance sheet growth depends on economic conditions, as well as our determination to sell, purchase, securitize or syndicate particular loans or loan portfolios. Our trading revenues and interest rate risk exposure are dependent on our ability to properly identify, and mark to market, changes in the value of financial instruments caused by changes in market prices or rates. Our earnings also depend on the effectiveness of our management of migrations in credit quality and risk concentrations, the accuracy of our valuation models and our significant accounting estimates and the adequacy of our allowances for loan losses. To the extent that our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. The successful management of credit, market and operational risk is an important consideration in managing our liquidity risk because it affects the evaluation of our credit ratings by rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in our ratings. Any reduction in the Bank’s ratings (or withdrawal of ratings) may increase our borrowing costs, limit our access to capital markets and adversely affect our ability to sell or market our products, engage in business transactions, particularly longer-term and derivatives transactions, or retain our customers. This, in turn, could reduce our liquidity and negatively impact our operating results and financial condition.

75. ***Any sale of Equity Shares by our significant shareholders may materially impact our share price.***

Pursuant to the Scheme, State Bank of India is required to hold at least 26% of the Equity Share capital of the Bank (which is subject to a three-year lock-in from the date of allotment of the Equity Shares pursuant to the Reconstruction Scheme i.e. March 14, 2020) and shall not hold more than 49% of the Equity Share capital of the Bank, while Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, the Federal Bank Limited, Bandhan Bank Limited and IDFC First Bank Limited are subject to a three-year lock-in for 75% of the Equity Shares allotted to them under the Reconstruction Scheme from the commencement of the Reconstruction Scheme, *i.e.* March 13, 2020. Further, our Bank's existing shareholders (holding at least 100 Equity Shares) in the Bank as on March 13, 2020, are subject to a lock-in for 75% of their shareholding for a period of three years from the commencement of the Reconstruction Scheme, *i.e.* from March 13, 2020**.**

As of the date of this Prospectus, the shareholding of Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, the Federal Bank Limited, Bandhan Bank Limited and IDFC First Bank Limited has reduced from 31.47% as on March 31, 2020 to 30.15%. Any sale of Equity Shares by any of our significant shareholders could have a material impact on the Bank's share price.

External Risks

Risks Relating to India

76. ***Our risk profile is linked to the Indian economy and the banking and financial markets in India.***

The credit risk we are exposed to may be higher than the credit risk of banks in some developed economies. The absence of reliable information, including audited financial statements, recognised debt rating reports and credit histories relating to our present and prospective corporate borrowers or other customers, makes the assessment of credit risk, including the valuation of collateral, more difficult, especially for individuals and small businesses. In addition, the credit risk of our borrowers, particularly small and middle market companies, is higher than borrowers in more developed economies due to the evolving Indian regulatory, political, economic and industrial environment. The directed lending norms of the RBI require us to lend a certain proportion of our advances to **"**priority sectors**"**, including agriculture and small enterprises, where our ability to control the portfolio quality is limited and where economic difficulties are likely to affect our borrowers more severely. Any shortfall may be required to be allocated to investments yielding sub-market returns.

In addition to credit risks, we also face additional risks in comparison to banks operating in developed economies. We pursue our activities in India, a developing economy with all of the risks that come with such an economy. Our activities in India are widespread and diverse and involve employees, contractors, counterparties and customers with widely varying levels of education, financial sophistication and wealth. Although we seek to implement policies and procedures to reduce and manage marketplace risks as well as risks within our own organisation, some risks remain inherent in doing business in a large, developing country. We cannot eliminate these marketplace and operational risks, which may lead to legal or regulatory actions, negative publicity or other developments that could reduce our profitability. In the aftermath of the financial crisis, regulatory scrutiny of these risks is increasing.

77. ***Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. The COVID-19 pandemic outbreak, financial turmoil in Asia, U.S., Russia and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the trading price of the Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. In particular, sub-prime mortgage loans in the United States have experienced increased rates of delinquency, foreclosure and loss. Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major U.S. financial institutions.

Since December 2019, there is an ongoing outbreak of COVID-19 which has affected countries globally, with the World Health Organisation declaring the outbreak as a pandemic on 12 March 2020. There have been border controls, lockdowns and travel restrictions imposed by various countries, as a result of the COVID-19 outbreak. Such outbreak of an infectious disease together with any resulting restrictions on travel and/or imposition of lockdown measures have resulted in protracted volatility in domestic and international markets and/or may result in a global recession. In particular, the COVID-19 outbreak has caused stock markets worldwide to lose significant value and has impacted global economic activity. A number of governments have revised gross domestic product growth forecasts for 2020 downwards in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession. In particular, continuing difficulties in financial and economic conditions could result in deterioration in the quality of the Bank's assets and larger provisioning, allowances for loan losses and write-offs. See also "*Risk Factors – A global outbreak of an infectious disease such as COVID-19 or any other serious public health concerns in Asia or elsewhere could have a material adverse effect on our business, financial condition and results of operations.*"

Developments in the Eurozone have exacerbated the ongoing global economic crisis. Large budget deficits and rising public debts in Europe have triggered sovereign debt finance crises that resulted in the bailouts of European economies and elevated the risk of government debt defaults, forcing governments to undertake aggressive budget cuts and austerity measures, in turn underscoring the risk of global economic and financial market volatility. Financial markets and the supply of credit could continue to be negatively impacted by ongoing concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union. On June 23, 2016, the United Kingdom held a referendum on its membership in the European Union and voted to leave ("**Brexit**"). In October 2019, a withdrawal agreement (the "**Withdrawal Agreement**") setting out the terms of the United Kingdom's exit from the European Union, and a political declaration on the framework for the future relationship between the United Kingdom and European Union was agreed between the UK and EU governments. The Withdrawal Agreement, which became effective on January 31, 2020 includes the terms of a transition or **"**standstill**"** period until December 31, 2020, during which time the United Kingdom and European Union will continue to negotiate the terms of a trading arrangement which will apply following the standstill period when the United Kingdom will have formally withdrawn from the European Union but will still be treated for most purposes as an EU member state. There is significant uncertainty at this stage as to the United Kingdom's future trading arrangements with the European Union, the impact of Brexit on general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased global volatility in foreign exchange rate movements and the value of equity and debt investments.

Trade tensions between the U.S. and major trading partners, most notably China, continue to escalate following the introduction of a series of tariff measures in both countries. Although China is the primary target of U.S. trade measures, value chain linkages mean that other emerging markets, primarily in Asia, may also be impacted. China's policy response to these trade measures also presents a degree of uncertainty. There is some evidence of China's monetary policy easing and the potential for greater fiscal spending, which could worsen existing imbalances in its economy. This could undermine efforts to address already high debt levels and increase medium-term risks.

These and other related factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and Renminbi devaluation, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and the global credit and financial markets. A lack of clarity over the process for managing the exit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets. This and any prolonged financial crisis may have an adverse impact on the Indian economy, and in turn on our business, financial condition and results of operations.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and indirectly in the Indian economy in general. Any worldwide financial instability could influence the Indian economy. In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. In addition, any increase in interest rates by the United States Federal Reserve will lead to an increase in the borrowing costs in the United States which may in turn impact global borrowing as well. Furthermore, in several parts of the world, there are signs of increasing retreat from globalization of goods, services and people, as pressure for the introduction of a protectionist regime is building and such developments could adversely affect Indian exports. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current adverse conditions in the global credit markets continue or if there is any significant financial disruption, this could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

78. ***Any downgrade of India's debt ratings by international rating agencies could adversely affect our business.***

While Standard and Poor's ("**S&P**") currently has stable outlooks, Moody's and Fitch Ratings, Inc. ("**Fitch**") currently have a negative outlook on their sovereign rating for India. They may lower their sovereign ratings for India or the outlook on such ratings, which would also impact our ratings. Further, any significant deterioration in our existing financial strength and change in methodology for rating banks by rating agencies may also impact the Bank's rating.

In June 2020, S&P, retained India's sovereign ratings at "BBB minus" with the "stable" outlook, however pointed out that India's fiscal position remains precarious, with elevated fiscal deficits and net government indebtedness. Further, S&P has revised the economic risk trend for the banking system to "negative" from "stable" expecting Indian banks' asset quality to deteriorate, credit costs to rise, and profitability to decline. In November 2017, Moody's upgraded India's credit rating to "Baa2" from "Baa3" and changed its India rating outlook to "stable" from "positive" citing reforms such as GST, demonetization, the inflation-targeting monetary policy framework, the Bankruptcy Act, bank recapitalization, Aadhaar and the Direct Benefits Transfer system, however, on June 1, 2020, Moody's downgraded Government of India's foreign currency and local currency long term issuer ratings to "Baa3" from "Baa2" while maintaining the "negative outlook" due to relatively weak implementation of reforms since 2017, sustained period of relatively low growth, significant deterioration in the fiscal position of the government and the rising stress in the financial sector. There is no assurance that India's credit ratings will not be downgraded in the future. Any adverse change in India's credit ratings by international rating agencies may adversely impact our business and limit our access to capital markets.

There can be no assurance that these ratings will not be further revised or changed by S&P, Fitch or Moody's or that any of the other global rating agencies will not downgrade India's credit rating. As the Bank's foreign currency ratings are pegged to India's sovereign ceiling, any adverse revision to India's credit rating for international debt will have a corresponding effect on our ratings. Therefore, any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available. Any of these developments may materially and adversely affect our business, financial condition and results of operations.

79. ***We may face greater credit risks than banks in more developed countries.***

Our principal business is to provide financing to our customers. We are subject to the credit risk that our borrowers may not pay in a timely fashion or at all. In addition, India's system for gathering and publishing statistical information relating to the Indian economy and the financial performance of companies is not as comprehensive as those of established market economies. Although India has a credit bureau industry, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. As a result, our credit risk exposure is higher compared with banks operating in advanced markets. Since our lending operations to the aforesaid categories are limited to India, we may be exposed to a greater potential for loss compared with banks with lending operations in more developed countries.

80. ***Increased volatility or inflation of commodity prices in India could adversely affect our business.***

Any increased volatility or rate of inflation of global commodity prices, particularly oil and steel prices, could adversely affect our borrowers and contractual counterparties. Although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful.

Any slowdown in the growth of the manufacturing services or agricultural sectors could adversely impact our business, financial condition and results of operations.

81. ***Financial difficulty and other problems in certain long-term lending institutions and investment institutions in India could have a negative impact on our business.***

We are exposed to the risks prevailing in the Indian financial system which, in turn, may be affected by financial difficulties and other problems faced by certain Indian financial institutions. As an emerging market economy, the Indian economy faces risks not typically faced in developing countries, including the risk of deposit runs, despite the existence of a national deposit insurance scheme. Certain Indian financial institutions have experienced difficulties during recent years. Some cooperative banks and NBFCs have also faced serious financial and liquidity crises. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about financial institutions and banks in India. This, in turn, could adversely affect our business, financial condition and results of operations.

82. ***A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could have an adverse impact on us. A rapid decrease in reserves would also create a risk of higher interest rates and a consequent slowdown in growth.***

Flows to foreign exchange reserves can be volatile, and past declines may have adversely affected the valuation of the Rupee. There can be no assurance that India's foreign exchange reserves will not decrease again in the future. Further decline in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our business, financial condition and results of operations.

We are subject to risks relating to macroeconomic conditions in India. According to the RBI's financial stability report released in December 2019, SCBs' credit growth remain subdued at 8.7% year-on-year in September 2019, though private sector banks registered double digit credit growth of 16.5%. SCBs' capital adequacy ratio improved significantly after the recapitalisation of public sector banks by the Government. PCR of all SCBs rose to 61.5% in September 2019 from 60.5% in March 2019 implying increased resilience of the banking sector. Macro-stress tests for credit risk show that under the baseline scenario, SCBs' GNPA ratio may decrease from 9.3% in September 2019 to 9% by September 2020 primarily due to macroeconomic changes, marginal increase in slippages and the denominator effect of declining credit growth. Recent developments in the NBFC sector have brought the sector under greater market discipline as the better performing companies continue to raise funds while those with asset-liability mismatch issues and/or asset quality concerns are subject to higher borrowing costs.

We have limited or no control over any of these risks or trends and may be unable to anticipate changes in economic conditions. Adverse effects on the Indian banking system could impact our funding and adversely affect our business, financial condition and results of operations.

83. ***Acts of terrorism and other similar threats to security could adversely affect our business, cash flows, results of operations and financial condition.***

Increased political instability, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several regions in which we operate, strained relations arising from these conflicts and the related decline in customer confidence may hinder our ability to do business. For example, in November 2008, several coordinated shooting and bombing attacks occurred across Mumbai, India's financial capital. In June 2011, a series of three coordinated bomb explosions occurred at different locations in Mumbai. Both attacks resulted in loss of life, property and business. Any escalation in these events or similar future events may disrupt our operations or those of our customers. Present relations between India and Pakistan continue to be fragile on the issues of terrorism, armament and Kashmir. India has also experienced terrorist attacks in some parts of the country. These hostilities, attacks and tensions could lead to political or economic instability in India and a possible adverse effect on the Bank's business and its future financial performance. For example, the attack on the Central Reserve Police Force personnel in Pulwama in Kashmir has led to retaliation by India and escalated hostilities between India and Pakistan. The two countries' continuing escalations could exacerbate these regional hostilities and tensions. In June 2020, the clash between China and India in the Galwan River Valley resulted in numerous fatalities, which led to increased tension between the two countries. Further, India has also experienced social unrest in some parts of the country. These events have had, and may continue to have, an adverse impact on the global economy and customer confidence, which could, in turn, adversely affect our revenue, operating results and financial condition. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of our securities and may limit the capital resources available to us and to our customers.

84. ***Natural disasters could have a negative impact on the Indian economy and damage our facilities.***
Natural disasters such as floods, earthquakes, famines and pandemics have in the past had a negative impact on the Indian economy, with the most recent example being the global outbreak of COVID-19 described above. If any such event were to occur, our business could be affected due to the event itself or due to the inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure and the loss of business continuity or business information. In the event that our facilities are affected by any of these factors, our operations may be significantly interrupted, which may materially and adversely affect our business, financial condition and results of operations.

85. ***Political instability or significant changes in the economic liberalization and deregulation policies of the Government, or in the government of the States where we operate, could disrupt our business.***
We are incorporated in India and derive a significant portion of our revenues in India. In addition, a significant portion of our assets are located in India. Consequently, our performance and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

The Indian Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our businesses, and the market price and liquidity of our securities, may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments in or affecting India.

In recent years, the Indian governments have generally pursued a course of economic liberalization and deregulation aimed at accelerating the pace of economic growth and development. This has included liberalizing rules and limits for foreign direct investment in a number of important sectors of the Indian economy, including infrastructure, railways, services, pharmaceuticals and insurance. In addition, the current Indian government has pursued a number of other economic reforms, including the introduction of a goods and services tax, increased infrastructure spending and a new Insolvency and Bankruptcy Code.

There can be no assurance that the government's policies will succeed in their aims, including facilitating high rates of economic growth. Following the release of the results of the general elections of India on May 23, 2019, the Bharatiya Janata Party had won a majority of seats in the Lok Sabha, or lower house of India's Parliament. While Narendra Modi received a fresh mandate to continue his tenure as Prime Minister for a second term, there is an increased expectations of reforms and there can be no assurance that the government will continue with its current policies. New or amended policies may be unsuccessful or have detrimental effects on economic growth. In the past, government corruption scandals and protests against economic reforms, as well as social and ethnic instability and terrorist incidents have hampered the implementation of economic reform.

All this has impacted sentiments and the economy, the rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalization and deregulation policies, in particular, those relating to the businesses in which we operate, could disrupt business and economic conditions in India generally and our business in particular.

86. ***Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, with which investors may be more familiar and may consider material to their assessment of our financial condition.***
Our financial statements for the three fiscal years ended March 31, 2018, 2019 and 2020, respectively, are prepared and presented in conformity with Indian GAAP. No attempt has been made to reconcile any of the information given in this Prospectus to any other principles or to base it on any other standards. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

87. ***Public companies in India, including us, will be required to prepare financial statements under Indian Accounting Standards (Ind-AS). While the implementation of Ind-AS has been deferred***

until further notice, the impact of such adoption on financial reporting has not been determined with any degree of certainty.

Our Financial Statements are prepared and presented in conformity with Indian GAAP. The Institute of Chartered Accountants of India has issued Ind-AS (a revised set of accounting standards) which converges with the Indian accounting standards with International Financial Reporting Standards. The Ministry of Corporate Affairs has confirmed the Ind-AS for adoption.

According to a circular issued by the RBI on February 11, 2016, banking companies were required to prepare their financial statements under Ind-AS from April 1, 2018 and the monetary policy statement announced on April 5, 2018 deferred the implementation timeline by another year as necessary legislative amendments were still under the consideration of the Government. The RBI on March 22, 2019 further deferred Ind-AS implementation until further notice, as the requisite legislative amendments are still under consideration by the Government. We may be required to begin preparing financial statements in accordance with Ind-AS in the future once regulatory authorities notify us that the implementation of Ind-AS will be mandatory for banking institutions.

While we have been discussing, including with the RBI, the possible impact of Ind-AS on our financial reporting, the nature and extent of such impact is still uncertain. Further, the new accounting standards will change, among other things, our methodology for estimating allowances for expected loan losses and for classifying and valuing our investment portfolio and our revenue recognition policy. For estimation of expected loan losses, the new accounting standards may require us to calculate the present value of the expected future cash flows realizable from our advances, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This may result in us recognising allowances for expected loan losses in the future which may be higher or lower than under current Indian GAAP. There can be no assurance, therefore, that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind-AS than under Indian GAAP. In our transition to Ind-AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS experienced accounting personnel available as more Indian companies begin to prepare Ind-AS financial statements. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our adoption of Ind-AS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt Ind-AS could adversely affect our business, financial condition and results of operations.

88. ***Our business and activities may be further regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect our business, financial condition and results of operations.***

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the Competition Commission of India (the "**CCI**"). Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which, directly or indirectly, determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls the production, supply or distribution of goods and services, or shares the market or source of production or providing of services by way of allocation of geographical area or type of goods or services or number of customers in the relevant market or in any other similar way, is presumed to have an appreciable adverse effect on competition and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proven that a breach of the Competition Act committed by a company took place with the consent or connivance or is attributable to any neglect on the part of any director, manager, secretary or other officer of such company, that person shall be guilty of the breach themselves and may be punished as an individual. If we, or any of our employees, are penalised under the Competition Act, our business may be adversely affected.

Further, the Competition Act also regulates combinations and requires approval of the CCI for effecting any acquisition of shares, voting rights, assets or control or mergers or amalgamations above the prescribed asset and turnover based thresholds.

It is difficult to predict the impact of the Competition Act on our growth and expansion strategies in the future. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect our business, financial condition and results of operations.

89. ***Any changes in the taxation system in India may adversely affect our business and the trading price of the Equity Shares.***

In recent times, the Government has implemented two major reforms in Indian tax laws, namely the goods and services tax, and provisions relating to the General Anti-Avoidance Rule (the "**GAAR**").

The goods and service tax was implemented on July 1, 2017 and replaced the indirect taxes on goods and services such as central excise duty, service tax, central sales tax, state VAT and surcharge currently being collected by the central and state governments. In respect of GAAR, the provisions came into effect on April 1, 2017. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights or obligations which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefits or a benefit under a tax treaty. As the taxation system may undergo significant changes in the future, its consequent effects on the banking system cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, future financial performance, lead to an increased tax outflow and the trading price of the Equity Shares.

90. ***Statistical, industry and external financial data in this Prospectus may be incomplete or unreliable.***

We have not independently verified data obtained from industry publications and other external industry sources referred to in this Prospectus and, therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Discussions of matters, therefore, relating to India, its economy and the industries in which we currently operate, are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. See "*Industry Overview*".

Risks Relating to the Equity Shares and the Issue

91. ***Due to the ongoing lockdown in India, the execution of this Issue is largely being undertaken remotely, which may lead to unanticipated risks.***

Due to the ongoing lockdown in India, several aspects relating to the execution of the Issue are being undertaken remotely. This may lead to unanticipated and unforeseen risks, beyond our control, which may adversely affect the Issue.

92. ***The Equity Shares may be illiquid.***

Active and liquid trading of securities generally results in lower volatilities in price and more efficient execution of buy and sell orders for investors. Generally, the liquidity of the market for a particular share is dependent on, amongst others, the size of the free float, the price of each board lot, institutional interest, the business prospects of the Bank as well as the prevailing market sentiment. Pursuant to the Scheme, the SBI is required to hold up to at least 26% of the Equity Share capital (which is subject to a three-year lock-in from the allotment of the Equity Shares pursuant to the Reconstruction Scheme i.e. March 14, 2020) and shall not hold more than 49% of the Equity Share capital of the Bank. Other investors, namely, Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, the Federal Bank Limited, Bandhan Bank Limited and IDFC First Bank Limited are subject to a three year lock-in for 75% of the Equity Shares allotted to them under the Reconstruction Scheme from the allotment of the Equity Shares pursuant to the Reconstruction Scheme, i.e. March 13, 2020. Additionally, the Existing investors (other than existing shareholders holding less than 100 equity shares) in the Bank as on March 13, 2020, are subject to a lock-in for 75% of their shareholding for a period of three years from the allotment of the Equity Shares pursuant to the Reconstruction Scheme, i.e. from March 13, 2020. With such shares being locked in, the Equity Shares are less liquid and hence more volatile. Further, on March 6, 2020, the Stock Exchanges decided that no Futures and Options contracts shall be available in our Bank for trading in equity derivatives segment from May 29, 2020 onwards. The exit from the Futures and Options segment may and result in reduction in volumes, volatility and speculation in stock, thereby, impacting the price discovery. There is no assurance that the liquidity of the Equity Shares or the volume of shares may change or improve after this Issue.

93. ***After this Issue, the price of the Equity Shares may be volatile.***

The Issue Price will be determined by us in consultation with the Lead Manager, based on the Application Forms received in compliance with Chapter III of the SEBI ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete.

The price of the Equity Shares on the NSE and the BSE may fluctuate and/or decline after this Issue as a result of several factors, including:

- our further fundraising activities, especially pursuant to the Scheme;
- volatility in the Indian and the global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- our profitability and performance;
- perceptions about our future performance or the performance of Indian companies in general;
- performance of our competitors and the perception in the market about investments in the banking and finance sector;
- adverse media reports about us or the Indian banking and finance sector;
- a comparatively less active or illiquid market for Equity Shares;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalization and deregulation policies;
- regulatory changes in the Banking sector;
- inclusion or exclusion of YES Bank in indices;
- significant developments in India's fiscal and environmental regulations; and
- any other political or economic factors.

There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the price at which the Equity Shares will trade in the market subsequent to this Issue.

94. ***We may, at any time in the future, make further issuances or sales of the Equity Shares, and this may significantly dilute your future shareholding and affect the trading price of the Equity Shares.***

Any future equity issuances by us, may lead to the dilution of investors' shareholdings in our Bank. Any future equity issuances by us or sales of the Equity Shares by our principal shareholders or other major shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences for us including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. In addition, any perception that such issuance or sales of shares may occur, may lead to dilution of your shareholding, significantly affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. There can be no assurance that such future issuance by us will be at a price equal to or more than the Issue Price. Further, there can be no assurance that we will not issue further shares or that the major shareholders will not dispose of, pledge or otherwise encumber their shares.

95. ***Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Previously, any gain realised on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long-term capital gains tax in India if securities transaction tax ("**STT**") was paid on the sale transaction. However, the Finance Act, 2018, now seeks to tax on such long-term capital gains exceeding ₹100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. See **"***Statement of Special Tax Benefits***"** on page 126.

96. ***Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles, the instructions issued by the RBI, and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a bank or corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction.

97. ***Investors in the Equity Shares may not be able to enforce a judgment of a foreign court against us, our directors or executive officers.***

We are a limited liability company incorporated under the laws of India. Substantially all of our Directors and executive officers, Key Managerial Personnel and Senior Management are residents of India, and a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside India, or to enforce judgments obtained against such parties in courts outside of India.

Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code on a statutory basis. Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive as to any matter thereby directly adjudicated between the same parties or between parties under whom they or any of them claim litigating under the same title except: (a) where it has not been pronounced by a court of competent jurisdiction; (b) where it has not been given on the merits of the case; (c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (d) where the proceedings in which the judgment was obtained are opposed to natural justice; (e) where it has been obtained by fraud; and (f) where it sustains a claim founded on a breach of any law in force in India.

Under the Civil Procedure Code, a court in India shall presume, upon the production of any document purporting to be a certified copy of a foreign judgment, that such judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and does not include arbitration awards.

The United Kingdom, Singapore, Hong Kong and United Arab Emirates, among others, have been declared by the Government of India to be **"**reciprocating territories**"** for the purposes of Section 44A of the Civil Procedure Code, but the United States has not been so declared. A judgment of a court of a country which is not a reciprocating territory may be enforced only by a fresh suit resulting in a judgment or order and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A judgment of a superior court of a country which is a reciprocating territory may be enforced by proceedings in execution, and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. The latter suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Execution of a judgment or repatriation outside India of any amounts received is subject to the approval of the RBI, wherever required. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were to be brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

98. ***Anti-takeover provisions under Indian law could prevent or deter an entity from making a large investment in the Bank.***

The Takeover Regulations contains certain provisions that may delay, deter or prevent a future takeover or change in control. These provisions may discourage a third party from attempting to take control over our business, even if change in control would result in the purchase of our Equity Shares at a premium to the market price which could be beneficial to the Bank.

99. ***You will not, without prior RBI approval, be able to acquire Equity Shares if such acquisition would result in an individual or group holding 5.00% or more of our share capital or voting rights.***

The Banking Regulation Act read with the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, as amended, requires any person to seek prior approval of the RBI to acquire or agree to acquire shares or voting rights of a bank, either directly or indirectly, beneficial or otherwise, by himself or acting in concert with other persons, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in the aggregate shareholding of such persons to be 5.00% or more of the paid-up share capital of a bank or entitles him to exercise 5.00% or more of the voting rights in a bank. Accordingly, any acquisition of shareholding/voting rights of 5.00% or more of the paid-up capital of the Bank or total voting rights of the Bank shall be subject to obtaining prior approval from the RBI. Such approval may be granted by the RBI if it is satisfied that the applicant meets certain fitness and propriety tests. The RBI may require the proposed acquirer to seek further RBI approval for subsequent acquisitions. Further, the RBI may, by passing an order, restrict any person holding more than 5.00% of our total voting rights from exercising voting rights in excess of 5.00%, if such person is deemed to be not fit and proper by the RBI. The aforementioned regulatory framework could adversely affect the liquidity and free transferability of the Equity Shares, and in turn have an adverse effect on the price of the Equity Shares.

The RBI, as per Master Direction – Ownership in Private Sector Banks, Directions, 2016 released on May 12, 2016, laid out shareholding and voting rights limits in Private Sector Banks. It restricts ownership limits of individuals and non-financial entities (other than the promoter and promoter group) at 10.00% of the paid-up capital. In the case of entities from the financial sector, other than regulated or diversified or listed, the limit is 15.00% of the paid-up capital. Further, pursuant to the provisions of the Banking Regulation Act and a notification issued by the RBI on July 21, 2016, no person holding shares in a bank can exercise voting rights in excess of 26.00% of the total voting rights of all the shareholders of a bank.

100. ***You may not receive the Equity Shares that you subscribe in the Issue until 6 working days after the date on which this Issue closes, which will subject you to market risk.***

The Equity Shares that you may be allotted in the Issue may not be credited to your demat account with the depository participants until approximately 6 working days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

101. ***Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.***

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

102. ***Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, a company incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

103. ***Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.***

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities. Accordingly, acquisition of shareholding in a private sector bank shall be subject to the applicable FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, with the aggregate foreign investment in private sector banks not exceeding 74% of the paid-up equity share capital.

Also, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted (subject to certain restrictions), if they comply with, among other things, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares does not comply with such pricing guidelines or reporting requirements, or does not fall under any of the exceptions specified by the RBI, then prior approval of the RBI will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other government agency can be obtained on any particular terms or can be obtained at all.

SECTION III: INTRODUCTION

SUMMARY OF FINANCIAL INFORMATION

The following summary financial information and other data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements, including the notes thereto and the reports thereon, which appear in "Financial Statements". The summary financial information set forth below is derived from the Restated Consolidated Financial Infomration prepared in accordance with the Indian GAAP, based on the listing requirement of the exchanges where the Equity Shares of the Bank have been listed and other financial information recorded in the books of accounts by the Bank.

Solely for the convenience of the reader, the selected data set out below is presented in a format different from our consolidated financial statements. Neither the information set forth below nor the format in which it is presented should be viewed as comparable to information presented in accordance with Ind-AS, IFRS or other accounting principles. For the purposes of a comparative analysis in the discussion below, previous years' figures have been reclassified wherever necessary.

Solely for the convenience of the reader, Rupee amounts as of and for the year ended March 31, 2020 have been translated into U.S. dollars at the selling exchange rate as reported by the Foreign Exchange Dealers' Association of India on March 31, 2020, of ₹75.6650 per U.S.$1.00. The U.S. dollar equivalent information should not be construed to imply that the real amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate.

Summary Consolidated Income Statement Information

	Fiscal Year			
	2018	**2019**	**2020**	**2020**
	(in ₹ million, except per share data)			*(in U.S.$ million, except per share data)*
Interest earned	202,685.95	296,237.99	260,520.17	3,443.07
Other income	52,931.51	46,754.81	119,560.99	1,580.14
Total	**255,617.46**	**342,992.80**	**380,081.16**	**5,023.21**
Expenditure				
Interest expended	125,294.30	198,112.87	192,580.60	2,545.17
Operating expenses	52,735.40	63,614.28	68,701.46	907.97
Provision and contingencies	35,255.56	64,172.99	283,124.91	3,741.82
Total	**213,285.26**	**325,900.14**	**544,406.96**	**7,194.96**
Net profit (loss) for the year	**42,332.20**	**17,092.66**	**(164,325.80)**	**(2,171.75)**
Profit brought forward from previous year	79,189.63	103,695.29	107,427.74	1,419.78
Amount available for appropriation	121,521.83	120,787.95	(56,898.06)	(751.97)
Appropriations				
(a) Transfer to Statutory Reserve	10,561.41	4,300.70	—	0.00
(b) Transfer to Capital Reserve	659.65	1,010.10	6,655.51	87.96
(c) Transfer to Investment Reserve	—	6.70	147.23	1.95
(d) Transfer to Investment Fluctuation Reserve	—	539.06	—	0
(e) Dividend paid	5,488.10	6,223.99	4,633.92	61.24
(f) Tax on dividend paid	1,117.38	1,279.65	952.52	12.59
Balance carried over to balance sheet	103,695.29	107,427.75	(69,287.23)	(915.71)
Total	**121,521.83**	**120,787.95**	**(56,898.06)**	**(751.97)**
Earnings (loss) per share (Rupees)				

	Fiscal Year			
	2018	2019	2020	2020
	(in ₹ million, except per share data)			*(in U.S.$ million, except per share data)*
Basic	18.46	7.40	(56.11)	(0.74)
Diluted	18.09	7.33	(56.11)	(0.74)

Summary Consolidated Balance Sheet Information

	As of March 31,			
	2018	2019	2020	2020
	(in ₹ million)			*(in U.S.$ million)*
Capital and liabilities				
Capital	4,605.93	4,630.07	25,100.94	331.74
Reserves and surplus	252,919.14	264,244.04	191,848.66	2,535.50
Deposits	2,006,886.04	2,275,579.03	1,053,111.68	13,918.08
Borrowings	748,935.81	1,084,241.09	1,137,905.03	15,038.72
Other liabilities and provisions	111,149.62	179,901.87	170,355.33	2,251.44
Total	**3,124,496.54**	**3,808,596.10**	**2,578,321.64**	**34,075.49**
Assets				
Cash and balances with the Reserve Bank of India	114,257.49	107,977.37	59,436.55	785.52
Balances with banks and money at call and short notice	133,280.68	161,871.94	24,867.03	328.65
Investments	682,934.39	893,285.33	437,478.03	5,781.78
Advances	2,035,188.25	2,413,971.85	1,714,330.90	22,656.85
Fixed assets	8,372.96	8,298.87	10,233.84	135.25
Other assets	150,462.77	223,190.74	331,975.29	4,387.44
Total	**3,124,496.54**	**3,808,596.10**	**2,578,321.64**	**34,075.49**
Contingent liabilities	5,818,302.70	6,541,617.39	4,585,275.34	60,599.69
Bills for collection	19,355.64	50,592.37	51,201.93	676.69

Summary Consolidated Cash Flow Information

	Fiscal Year			
	2018	2019	2020	2020
	(in ₹ million)			*Article I. in U.S.$ million)*
Net Cash from/(used in) operating activities	(218,104.44)	(245,733.01)	(577,212.21)	(7,628.52)
Net Cash from/(used in) investing activities	(87,448.96)	(62,936.89)	141,919.32	1,875.63

	Fiscal Year			
	2018	**2019**	**2020**	**2020**
		(in ₹ million)		*Article I. in U.S.$ million)*
Net Cash from/(used in) financing activities	357,479.19	330,393.23	250,383.09	3,309.10
Effect of exchange fluctuation on translation reserve	65.80	587.81	(635.92)	(8.40)
Net increase / (decrease) in cash and cash equivalents	51,991.59	22,311.14	(185,545.72)	(2,452.20)
Cash and cash equivalents at the beginning of the period	195,546.58	247,538.17	269,849.31	3,566.37
Cash and cash equivalents at the end of the period	247,538.17	269,849.31	84,303.58	1,114.17

The following table sets forth the reconciliation of cost income ratio:

	Fiscal Year		
	2018	**2019**	**2020**
		(in ₹ million)	
Total Income (A)	255,617.50	342,992.80	295,931.16(1)
Less interest expended (B)	(125,294.30)	(198,112.87)	(192,580.60)
Operating Revenue (C=A+B)	130,323.20	144,879.93	103,350.56
Operating expenses (D)	52,735.40	63,614.28	68,701.46
Cost to Income ratio (D/C*100)	40.47	43.91	66.47

Note:

(1) This does not take into account the extraordinary income amounting to ₹84,150.00 million arising from the write down of the Bank's unsecured perpetual subordinated Basel III compliant additional Tier I bonds on March 14, 2020.

See also "*Other Financial Information – Non GAAP Measures*".

Qualifications, Reservations and Adverse Remarks

The independent auditors' examination report on the Restated Consolidated Financial Information and Restated Standalone Financial Information, contained certain qualifications and emphasis of matter. See "*Independent Auditors*" on page 418 of this Prospectus and "*Financial Statements*" on page 264 of this Prospectus.

THE OFFER

The following table summarises the Offer:

Offer by way of a fresh issue[(1)] of Equity Shares	12,515,151,513* Equity Shares, aggregating to ₹150,000 million
Of which	
Employee Reservation Portion**	Up to 181,818,181* Equity Shares, aggregating up to ₹ 2,000 million
Net Offer	12,333,333,332 Equity Shares, aggregating to ₹ 148,000 million
The Net Offer consists of:	
A) QIB Portion[(2)(3)]	Not more than 6,166,666,665 Equity Shares
of which:	
(i) Anchor Investor Portion	3,415,384,614 Equity Shares
of which:	
Available for allocation to Mutual Funds only	1,138,461,538 Equity Shares
Balance for all QIBs including Mutual Funds	2,276,923,076 Equity Shares
(ii) Net QIB Portion	2,751,282,051 Equity Shares
of which:	
(a) Mutual Fund Portion	137,564,103 Equity Shares
(b) Balance for all QIBs including Mutual Funds	2,613,717,948 Equity Shares
B) Non-Institutional Portion	Not less than 1,850,000,000 Equity Shares
C) Retail Portion	Not less than 4,316,666,667 Equity Shares
Pre and post Offer Equity Shares	
Equity Shares outstanding prior to the Offer	12,550,472,231 Equity Shares
Equity Shares outstanding after the Offer	25,065,623,744* Equity Shares
Utilisation of Net Proceeds	Please See "*Objects of the Offer*" beginning on page 119 for information about the use of the Net Proceeds.

(1) The Offer has been authorised by our Board pursuant to its resolutions dated January 10, 2020 and March 26, 2020, and by our Shareholders pursuant to their resolutions dated February 7, 2020 and May 22, 2020.

(2) Our Bank, in consultation with the BRLMs, allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB Portion was accordingly reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the Net QIB Portion was allocated on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion was allocated on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see "Offer Procedure" on page 520.

(3) Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion, Employee Reservation Portion, and Retail Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Bank, in consultation with the BRLMs and the Designated Stock Exchange. In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to each such Eligible Employee not exceeding ₹ 500,000.

**Subject to finalization of the Basis of Allotment.*

***Our Bank, in consultation with the BRLMs, has offered a discount of ₹ 1 per Equity Share to Eligible Employees bidding in the Employee Reservation Portion which was announced two Working Days prior to the Bid / Offer Opening Date..*

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allocated on a proportionate basis. For further details, see "*Offer Procedure*" beginning on page 520 and "*Terms of the Offer*" on page 511.

GENERAL INFORMATION

Our Bank was incorporated on November 21, 2003, in Mumbai, under the Companies Act, 1956 and a certificate of incorporation was granted to our Bank by the Registrar of Companies, Maharashtra at Mumbai. A certificate of commencement of business dated January 21, 2004 was issued to our Bank by the Registrar of Companies, Maharashtra at Mumbai. Our Bank is a scheduled commercial bank within the meaning of the RBI Act, and received a license to commence banking operations in India from the RBI on May 24, 2004. Further, the RBI by its letter dated September 2, 2004, included our Bank in the second schedule of the RBI Act with effect from August 21, 2004 and a corresponding notification was published in the Official Gazette of India (Part III – Section 4) on August 16, 2004. For details of change in the registered office of our Bank, see "*History and Certain Corporate Matters*" on page 233.

Registered and Corporate Office, Corporate Identity Number and Registration Number of our Bank

YES Bank Limited
YES Bank Tower, IFC -2, 15th Floor,
Senapati Bapat Marg,
Elphinstone (W), Mumbai 400 013,
Maharashtra, India
Tel: +91 22 3366 9000
E-mail: shareholders@yesbank.in
Website: www.yesbank.in
CIN: L65190MH2003PLC143249
Registration Number: 143249

Address of the RoC

Our Bank is registered with the RoC, which is situated at the following address:

Registrar of Companies
100, Everest,
Marine Drive,
Mumbai – 400002,
India.

Board of Directors

The following table sets out the details of our Board as on the date of this Prospectus:

Name	Designation	DIN	Address
Sunil Mehta	Non-Executive Chairman	00065343	203-A, Vivarea, Sane Guruji Marg, Mahalaxmi East, Mumbai – 400011
Prashant Kumar	Managing Director and Chief Executive Officer	07562475	A-22, Sterling Apartment, Sterling CHSL 38, Peddar Road, (Opp. SBI Peddar Road Branch), Mumbai – 400026
Mahesh Krishnamurti	Non-Executive Director	02205868	22A, Tahnee Heights, Napean Sea Road, Mumbai - 400006
Atul Chunilal Bheda	Non-Executive Director	03502424	301/7, Shanta Bhuvan, Post Office Lane, Wadala, Mumbai – 400031
Rama Subramaniam Gandhi	Additional Director	03341633	E-2501, GCORP ICON North, Thanisandra Main Road, Nagawara, Bangalore 560077
Ananth Narayan Gopalakrishnan	Additional Director	05250681	801, Golden Peak, Dr. Ambedkar Road, Khar West, Mumbai - 400052
Partha Pratim Sengupta	Non-Executive Director – Nominee Director of State Bank of India	08273324	D/03 – Kinellan Towers, 100-A, Nepean Sea Road, Mumbai - 400006
Swaminathan Janakiraman	Non-Executive Director – Nominee Director of State Bank of India	08516241	A-1, SBI Executive Enclave Road No. 5, Banjara Hills, Khairatabad, Hyderabad, Telangana – 500034

For further details in relation to our Directors, please see "*Our Management*" on page 243.

Company Secretary and Compliance Officer

Shivanand R. Shettigar
YES Bank Tower,
IFC -2, 15th Floor, Senapati Bapat Marg,
Elphinstone (W), Mumbai 400 013
Maharashtra, India
Tel: +91 (22) 3366 9000/ +91 (22) 3347 8301
E-mail: shareholders@yesbank.in

Investor Grievances

Bidders can contact the Company Secretary and Compliance Officer and/or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of Allotment Advice, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs. For further details, please see "*Offer Procedure*".

Book Running Lead Managers to the Offer

Kotak Mahindra Capital Company Limited
1st Floor, 27 BKC, Plot No. 27, 'G' Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Maharashtra, India
Tel: +91 22 4336 0000
E-mail: yesbank.fpo@kotak.com
Investor grievance e-mail: kmccredressal@kotak.com
Contact person: Mr. Ganesh Rane
Website: www.investmentbank.kotak.com
SEBI registration number: INM000008704

SBI Capital Markets Limited*
202, Maker Tower 'E'
Cuffe Parade
Mumbai 400 005
Maharashtra, India
Tel: +91 22 2217 8300
E-mail: ybl.fpo@sbicaps.com
Investor grievance e-mail:
investor.relations@sbicaps.com
Contact person: Mr. Sambit Rath / Mr. Janardhan Wagle
Website: www.sbicaps.com
SEBI registration number: INM000003531

Axis Capital Limited
1st floor, Axis House
C-2 Wadia International Centre
Pandurang Budhkar Marg
Mumbai 400 025
Tel.: +91 22 43252183
E-mail: yesbank.fpo@axiscap.in
Investor grievance e-mail: complaints@axiscap.in
Contact person: Mr. Ankit Bhatia
Website: www.axiscapital.co.in
SEBI registration number: INM000012029

Citigroup Global Markets India Private Limited
1202, 12th Floor, First International Financial Centre
G-Block, C54 & 55, Bandra Kurla Complex, Bandra (East)
Mumbai 400 098
Maharashtra, India
Tel: +91 22 6175 9999
E-mail: yesbank.fpo@citi.com
Investor grievance e-mail: investors.cgmib@citi.com
Contact person: Mr. Paritosh Bhandari
Website:www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm
SEBI registration number: INM000010718

DSP Merrill Lynch Limited
Ground Floor, "A" Wing, One BKC, "G" Block
Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India
Tel: +9122 6632 8000
E-mail: dg.india_merchantbanking@bofa.com
Investor grievance e-mail: dg.ybl_fpo@bofa.com
Contact person: Mr. Vivek Arora
Website: www.ml-india.com

HSBC Securities and Capital Markets (India) Private Limited
52/60, Mahatma Gandhi Road,
Fort, Mumbai-400001, Maharashtra, India
Tel: +91 22 2268 5555
E-mail: yesbankfpo@hsbc.co.in
Investor grievance e-mail:
investorgrievance@hsbc.co.in
Contact person: Ms. Sanjana Maniar / Mr. Dhananjay Sureka

SEBI registration number: INM000011625

Website:www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback
SEBI registration no.: INM000010353

ICICI Securities Limited
ICICI Centre, H.T. Parekh Marg Churchgate, Mumbai – 400 020
Tel: +91 22 2288 2460
E-mail: ybl.fpo@icicisecurities.com
Investor grievance e-mail id: customercare@icicisecurities.com
Contact person: Shekher Asnani/ Rishi Tiwari
Website: www.icicisecurities.com
SEBI registration number: INM000011179

YES Securities (India) Limited*
Unit No. 602 A, 6th Floor, Tower 1 & 2, IFC Senapati Bapat Marg, Elphinstone Road, Mumbai- 400 013
Tel: +91 22 3012 6919
Email: ybl.fpo@ysil.in
Investor Grievance e-mail: igc@ysil.in
Contact Person: Mukesh Garg
Website: www.yesinvest.in
SEBI registration number: INM000012227

**In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 121 (3) of the SEBI ICDR Regulations, SBI Capital Markets Limited and YES Securities (India) Limited will be involved only in marketing of the Offer.*

Inter-se Allocation of Responsibilities among the BRLMs

The following table sets forth the inter-se allocation of responsibilities for various activities among the BRLMs for the Offer:

Sr. No.	Activity	Responsibility	Co-ordination
1.	Capital structuring, positioning strategy and due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing.	KMCC, Axis, Citi, BoFA, HSBC, I-Sec	KMCC
2.	Drafting and approval of statutory advertisements.	KMCC, Axis, Citi, BoFA, HSBC, I-Sec	KMCC
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report.	KMCC, Axis, Citi, BoFA, HSBC, I-Sec	Citi
4.	Appointment of intermediaries viz., Registrar's, Printers, Advertising Agency, Syndicate, Sponsor Bank, Bankers to the Issue and other intermediaries, including coordination of all agreements to be entered into with such intermediaries.	KMCC, Axis, Citi, BoFA, HSBC, I-Sec	HSBC
5.	Preparation of road show marketing presentation and frequently asked questions.	KMCC, Axis, Citi, BoFA, HSBC, SBICAP, YSIL, I-Sec	BoFA
6.	International institutional marketing strategy of the Offer.	KMCC, Axis, Citi, BoFA, HSBC, SBICAP, YSIL, I-Sec	Citi
7.	Coordination and execution of international institutional marketing of the Offer, finalizing the list and division of international investors for one-to-one meetings; and finalizing international road show and investor meeting schedule.	KMCC, Axis, Citi, BoFA, HSBC, SBICAP, YSIL, I-Sec	HSBC
8.	Domestic institutional marketing of the Offer, which will cover, inter alia:	KMCC, Axis, Citi, BoFA, HSBC,	SBICAP

Sr. No.	Activity	Responsibility	Co-ordination
	• Institutional marketing strategy; • Finalizing the list and division of domestic investors for one-to-one meetings; and • Finalizing domestic road show and investor meeting schedule.	SBICAP, YSIL, I-Sec	
9.	Retail marketing of the Offer, which will cover, inter alia: • Formulating marketing strategies, preparation of publicity budget; • Finalizing media, marketing and public relations strategy; • Finalizing centres for holding conferences for brokers, etc.; • Finalizing collection centres • Finalizing and coordinating execution of the underwriting agreement • Follow-up on distribution of publicity and offer material including form, Prospectus and deciding on the quantum of the offer material.	KMCC, Axis, Citi, BoFA, HSBC, SBICAP, YSIL, I-Sec	Axis
10.	Assist in non-institutional marketing of the Offer, which will cover, inter alia: • Finalizing media, marketing and public relations strategy; and • Finalizing centres for holding conferences for brokers, etc.	KMCC, Axis, Citi, BoFA, HSBC, SBICAP, YSIL, I-Sec	Yes Securities
11.	Managing the book and finalization of pricing in consultation with the Bank.	KMCC, Axis, Citi, BoFA, HSBC, I-Sec	BoFA
12.	Assist in coordination with Stock-Exchanges for book building software, bidding terminals, mock trading, anchor coordination and intimation of anchor allocation.	KMCC, Axis, Citi, BoFA, HSBC, I-Sec	I-Sec
13.	Coordination with the Designated Stock Exchange for payment of 1% security deposit and release of the security deposit post closure of the issue; and Post- Offer activities, which shall involve essential follow-up with bankers to the Offer and SCSBs to get quick estimates of collection and advising our Company about the closure of the Offer, based on correct figures, finalization of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable.	KMCC, Axis, Citi, BoFA, HSBC, I-Sec	Axis

Legal Counsel to the Bank as to Indian Law

AZB & Partners
AZB House, Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Maharashtra
Tel: +91 22 6639 6880

Legal Counsel to the Book Running Lead Managers as to Indian law

IndusLaw
#1502B, 15th Floor, Tower – 1C,
"One Indiabulls Centre", Senapati Bapat Marg,
Lower Parel, Mumbai – 400013
Tel: +91 22 4920 7200

International Legal Counsel to the Book Running Lead Managers

Linklaters Singapore Pte. Ltd.
One George Street, #17-01
Singapore 049145
Tel**:** +65 6692 5700

Statutory Independent Auditors of our Bank

B S R & Co. LLP, Chartered Accountants
5th Floor, Lodha Excelus
Apollo Mills Compound, N M Joshi Marg Mahalakshmi,
Mumbai - 400 011 Maharashtra, India
Tel: +91 22 3989 6000
E-mail: vv@bsraffiliates.com
Firm Registration Number: 101248W/W-100022
Contact Person: Venkataramanan Vishwanath
Peer Review Certificate Number: 011748

Changes in auditors

There has been no change in the Statutory Auditors of our Bank during the three years immediately preceding the date of this Prospectus. The term of the current Statutory Auditors, being B S R & Co. LLP, Chartered Accountants, is valid till the next AGM of the Bank.

Registrar to the Offer

KFIN Technologies Private Limited

Plot No 31 and 32, Tower B, Karvy Selenium
Gachibowli, Hyderabad 500032
Tel: +91 40 67162222
E-mail: einward.ris@kfintech.com
Investor Grievance E-Mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: Ms. Shobha Anand / Mr. Sridhar B
SEBI registration number: INR000000221

Syndicate Members

Investec Capital Services (India) Private Limited
1103-04, 11th Floor, B Wing, Parinee Crescenzo,
Bandra Kurla Complex, Mumbai - 400051
Tel: +91 22 68497400
E-mail: suhani.bhareja@investec.co.in
Website: https://www.investec.com/india.html
Contact person: Ms. Suhani Bhareja
SEBI registration no: INZ000007138

Kotak Securities Limited
4th Floor, 12BKC
G Block, Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Tel: +91 22 6218 5470
E-mail: umesh.gupta@kotak.com
Website: www.kotak.com
Contact person: Umesh Gupta
SEBI registration no.: INZ000200137

SBICAP Securities Limited
Marathon Futurex, 12th Floor A & B–Wing
N. M. Joshi Marg Lower Parel Mumbai 400 013
Maharashtra, India
Tel: +91 22 4227 3300
E-mail: archana.dedhia@sbicapsec.com
Website: www.sbismart.com
Contact person: Ms. Archana Dedhia
SEBI registration no.: INZ000200032

Escrow Collection Bank /Refund Bank /Public Offer Account Bank

YES Bank Limited
YES Bank Tower, IFC -2, 7th Floor,
Senapati Bapat Marg,
Elphinstone (W), Mumbai 400 013,
Maharashtra, India
Tel: +91 9099055995 / +91 9711436027
E-mail: dlbtiservices@yesbank.in
Website: www.yesbank.in
Contact person: Mr. Anil Santwani / Mr. Rakesh Prabhakar
SEBI registration no.: INBI00000935

Sponsor Bank

Kotak Mahindra Bank Limited
2nd Floor, 27 BKC, Plot No. C-27, "G" Block,
Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Tel: +91 22 66056587
E-mail: cmsipo@kotak.com; meghana.avala@kotak.com
Website: www.kotak.com
Contact person: Mr. Prashant Sawant
SEBI registration no.: INBI00000927

Designated Intermediaries

SCSBs enabled for UPI Mechanism

In accordance with the SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 and circular no (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020, RIBs Bidding *via* UPI Mechanism may apply through the SCSBs and mobile applications, whose names appear on the website of SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40), as updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI mechanism is provided as 'Annexure A' to the above-mentioned SEBI circular, bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019.

Self-Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available on the SEBI website at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder, not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, may submit the ASBA Forms, is available at the above mentioned link, and at such other websites as may be prescribed by SEBI from time to time.

Further, the branches of the SCSBs where the Designated Intermediaries could submit the ASBA Form is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or any such other website as may be prescribed by SEBI from time to time.

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA Forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and https://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and on the website of NSE at http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

Monitoring Agency

In terms of the proviso to Regulation 137(1) of the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for this Offer.

Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilised have been apprised by any agency.

Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

FPO Grading

No credit rating agency registered with SEBI has been appointed for grading the Offer.

Trustees

As this is an offer of Equity Shares, no trustee has been appointed for the Offer.

Filing

The Red Herring Prospectus was filed, and this Prospectus will be filed, with SEBI through the SEBI Intermediary Portal at https://siportal.sebi.gov.in, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018.

The Red Herring Prospectus was filed, and this Prospectus will be filed with the Stock Exchanges through electronic mail.

The Red Herring Prospectus, along with the documents, was filed with the RoC, in accordance with Section 32 of the Companies Act, and a copy of this Prospectus required to be filed under Section 26 of the Companies Act, will be filed with the RoC through the electronic portal at http://www.mca.gov.in/mcafoportal/loginvalidateuser.do.

Book Building Process

The book building process, in the context of the Offer, refers to the process of collection of Bids from Bidders on the basis of the Red Herring Prospectus and the Bid cum Application Form within the Price Band, which was decided by the Bank, in consultation with the BRLMs, and advertised in all editions of Financial Express, all editions of Jansatta and in the Maharashtra edition of Tarun Bharat (which are English, Hindi and Marathi newspapers, respectively, Marathi also being the regional language of Maharashtra, wherein the registered and corporate office of our Bank is located), at least one Working Day prior to the Bid/Offer Opening Date and was made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price was determined by our Bank, in consultation with the BRLMs after the Bid/ Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of the Book Building Process. Additionally, Bidders were guided in the meantime by the secondary market prices.

Bidders (other than Anchor Investors and RIBs bidding using the UPI Mechanism) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process. The RIBs can additionally Bid through the UPI Mechanism.

The process of book building under the SEBI ICDR Regulations and the bidding process are subject to change from time to time and Bidders are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

Bidders should note that the Offer is also subject to obtaining final listing and trading approvals from the Stock Exchanges, which the Bank shall apply for after Allotment.

For further details on the method and procedure for Bidding, see "*Offer Procedure*" on page 520.

Underwriting Agreements

*Underwriting Agreement between our Bank, SBICAP and the Registrar dated July 7, 2020 ("**First Underwriting Agreement**")*

The Bank has entered into the First Underwriting Agreement dated July 7, 2020 with SBICAP and the Registrar, pursuant to which, SBICAP agreed to underwrite for the maximum amount of **₹** 30,000 million, at a price equal to the lowest end of the Price Band, i.e., ₹ 12 per Equity Share, on the terms and conditions set out under the First Underwriting Agreement. The Registrar intimated our Bank and SBICAP on the subscriptions received in the Offer at the end of the Bid/ Offer Period, based on which the indicative number of Equity Shares and Amount to be underwritten by SBICAP is:

Name, address, telephone number and e-mail address	Indicative number of Equity Shares to be underwritten*	Indicative amount underwritten (₹ in millions)*
SBI Capital Markets Limited 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Maharashtra, India **Tel:** +91 22 2217 8300 **E-mail**: ybl.fpo@sbicaps.com	610,575,886	7,326.91

**Subject to determination of valid Bids and Basis of Allotment*

*Underwriting Agreement to be executed between our Bank and the Underwriters after determination of the Offer Price but prior to, or as of, the date of the Prospectus ("**Second Underwriting Agreement**")*

Our Bank has entered into the Second Underwriting Agreement dated July 18, 2020 with the Underwriters for the Equity Shares offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten by each Underwriter pursuant to the Second Underwriting Agreement is as per the terms of the Second Underwriting Agreement. Pursuant to the terms of the Second Underwriting Agreement, the obligations of the Underwriters are several and subject to certain terms and conditions specified therein.

The Underwriters have indicated their intention to underwrite the following indicative number of Equity Shares:

Name, address, telephone number and e-mail address of the Underwriters	Indicative number of Equity Shares to be underwritten*	Indicative amount underwritten (₹ in millions) *
Kotak Mahindra Capital Company Limited 1st Floor, 27 BKC, Plot No. 27, 'G' Block Bandra Kurla Complex, Bandra (East) Mumbai 400 051 Maharashtra, India **Tel:** +91 22 4336 0000 **E-mail:** yesbank.fpo@kotak.com	1,486,794,102	17,834.13
SBI Capital Markets Limited 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Maharashtra, India **Tel:** +91 22 2217 8300 **E-mail**: ybl.fpo@sbicaps.com	1,486,794,002	17,834.13
Axis Capital Limited 1st floor, Axis House C-2 Wadia International Centre Pandurang Budhkar Marg Mumbai 400 025 **Tel.:** +91 22 43252183 **E-mail:** yesbank.fpo@axiscap.in	1,486,794,202	17,834.14
Citigroup Global Markets India Private Limited 1202, 12th Floor, First International Financial Centre G-Block, C54 & 55, Bandra Kurla Complex, Bandra (East) Mumbai 400 098 Maharashtra, India **Tel**: +91 22 6175 9999 **E-mail**: yesbank.fpo@citi.com	1,486,794,202	17,834.14
DSP Merrill Lynch Limited Ground Floor, "A" Wing, One BKC, "G" Block Bandra Kurla Complex Bandra (East), Mumbai 400 051 Maharashtra, India **Tel**: +9122 6632 8000 **E-mail**: dg.india_merchantbanking@bofa.com	1,486,794,202	17,834.14
HSBC Securities and Capital Markets (India) Private Limited 52/60, Mahatma Gandhi Road, Fort, Mumbai-400001, Maharashtra, India **Tel:** +91 22 2268 5555 **E-mail:** yesbankfpo@hsbc.co.in	1,486,794,202	17,834.14
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg Churchgate,	1,486,794,201	17,834.14

Name, address, telephone number and e-mail address of the Underwriters	Indicative number of Equity Shares to be underwritten*	Indicative amount underwritten (₹ in millions) *
Mumbai – 400 020 **Tel:** +91 22 2288 2460 **E-mail**: ybl.fpo@icicisecurities.com		
YES Securities (India) Limited Unit No. 602 A, 6th Floor, Tower 1 & 2, IFC Senapati Bapat Marg, Elphinstone Road, Mumbai- 400 013 **Tel:** +91 22 3012 6919 **Email:** ybl.fpo@ysil.in	1,486,794,201	17,834.14
Kotak Securities Limited 4th Floor, 12BKC G Block, Bandra Kurla Complex Bandra (East), Mumbai 400 051 **Tel:** +91 22 6218 5470 **E-mail**: umesh.gupta@kotak.com	100	0.00
Investec Capital Services (India) Private Limited 1103-04, 11th Floor, B Wing, Parinee Crescenzo, Bandra Kurla Complex, Mumbai - 400051 **Tel**: +91 22 68497400 **E-mail**: suhani.bhareja@investec.co.in	100	0.00
SBICAP Securities Limited Marathon Futurex, 12th Floor A & B–Wing N. M. Joshi Marg Lower Parel Mumbai 400 013 Maharashtra, India **Tel**: +91 22 4227 3300 **E-mail**: archana.dedhia@sbicapsec.com	100	0.00

**Subject to determination of valid Bids and Basis of Allotment*.

The above-mentioned underwriting commitment in relation to the Second Underwriting Agreement is provided for indicative purposes only and will be finalised after determination of the Basis of Allotment and subject to the provisions of the SEBI ICDR Regulations. As regards the Second Underwriting Agreement, Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment as set forth in the table above.

Notwithstanding the above table, each of the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders procured by them, in accordance with the Second Underwriting Agreement.

In the opinion of the Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The Capital Raising Committee, at its meeting held on July 7, 2020 has approved the First Underwriting Agreement, pursuant to which the First Underwriting Agreement was executed on July 7, 2020. Further, the Board of Directors, at its meeting held on July 18, 2020 has approved the Second Underwriting Agreement, pursuant to which the Second Underwriting Agreement was executed on July 18, 2020.

CAPITAL STRUCTURE

The share capital of our Bank, as of the date of this Prospectus, before and duly adjusted for the Offer, is set forth below:

(in ₹, except share data)

		Aggregate nominal value (in ₹)	Aggregate value at Offer Price
1	**AUTHORISED SHARE CAPITAL**		
	30,000,000,000 Equity Shares of face value ₹2 each	60,000,000,000	N.A.
	20,000,000 Preference Shares of face value ₹100 each	2,000,000,000	N.A.
2	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER**		
	12,550,472,231 Equity Shares of face value ₹2 each	25,100,944,462	N.A.
3	**PRESENT OFFER** (1)		
	12,515,151,513 Equity Shares of face value ₹2 each at a price of ₹ 12 per Equity Share	25,030,303,026	150,000,000,000
	Which includes:		
	Employee Reservation Portion of up to 181,818,181 Equity Shares(2) (3)	363,636,362	2,000,000,000
	Net Offer of 12,333,333,332 Equity Shares	24,666,666,664	148,000,000,000
4	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER**		
	25,065,623,744 Equity Shares(2) of ₹2 each fully paid-up	50,131,247,488	N.A.
SECURITIES PREMIUM ACCOUNT			
Before the Offer		199,155,980,000	
After the Offer		322,632,232,549	

(1) *The Offer has been authorised by our Board pursuant to its resolutions dated January 10, 2020 and March 26, 2020, and by our Shareholders pursuant to their resolutions dated February 7, 2020, 2020 and May 22, 2020.*

(2) *Our Bank, in consultation with the BRLMs, has offered a discount of ₹ 1 per Equity Share to Eligible Employees bidding in the Employee Reservation Portion.*

(3) *Subject to finalisation of Basis of Allotment.*

Details of changes to our Bank's authorised share capital in the last 10 years:

S No.	Date of shareholder's resolution	Particulars
1.	June 28, 2011	The authorized capital of the Bank was increased from ₹ 4,000,000,000 divided into 400,000,000 Equity Shares to ₹ 6,000,000,000 divided into 600,000,000 Equity Shares of ₹10 each
2.	June 4, 2016	The authorised share capital of our Bank was increased and re-classified from ₹ 6,000,000,000 divided into 600,000,000 Equity Shares of face value of ₹ 10 to ₹ 8,000,000,000 divided into 600,000,000 Equity Shares of face value of ₹ 10 each and 20,000,000 preference shares of face value of ₹ 100 each.
3.	September 8, 2017	The authorised share capital of our Bank was altered from ₹ 8,000,000,000 divided into 600,000,000 Equity Shares of face value of ₹ 10 each and 20,000,000 preference shares of face value of ₹100 each to ₹8,000,000,000 divided into 3,000,000,000 Equity Shares of face value of ₹ 2 each and 20,000,000 preference shares of face value of ₹ 100 each.
4.	February 7, 2020	The authorised share capital of our Bank was increased from ₹8,000,000,000 divided into 3,000,000,000 Equity Shares of face value of ₹ 2 each and 20,000,000 preference shares of face value of ₹ 100 each to ₹ 11,000,000,000 divided into 4,500,000,000 Equity Shares of face value of ₹ 2 each and 20,000,000 preference shares of face value of ₹ 100 each.
5.	March 13, 2020*	Pursuant to the Reconstruction Scheme, the authorised share capital of our Bank was altered from ₹ 11,000,000,000 divided into 4,500,000,000 Equity Shares of face value of ₹ 2 each and 20,000,000 preference shares of face value of ₹ 100 each to ₹ 62,000,000,000 divided into 30,000,000,000 Equity Shares of face value of ₹ 2 each and 20,000,000 preference shares of face value of ₹ 100 each.

**Pursuant to the Reconstruction Scheme approved by the Central Government vide notification dated March 13, 2020*

Notes to the Capital Structure

1. Our Bank has not issued any Equity Shares or preference shares for consideration other than cash or out of revaluation of reserves at any time since incorporation.

2. Our Bank has not issued or allotted any Equity Shares pursuant to schemes of arrangement approved under Sections 391 -394 of the *erstwhile* Companies Act, 1956 or Sections 230-234 of the Companies Act, 2013.

3. Except as disclosed below, our Bank has not issued any Equity Shares at a price that may be lower than the Offer Price during a period of one year preceding the date of this Prospectus:

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Offer price per equity share (₹)	Form of consideration	Reasons/nature for allotment
August 10, 2019	211,600	2	76.81	Cash	Allotment pursuant to exercise of ESOPs[1]
August 15, 2019	231,055,018	2	83.55	Cash	Qualified institutions placement[2]
September 16, 2019	22,300	2	55.77	Cash	Allotment pursuant to exercise of ESOPs[3]
November 13, 2019	140,000	2	53.88	Cash	Allotment pursuant to exercise of ESOPs[4]
March 14, 2020	10,000,000,000	2	10	Cash	Allotment pursuant to Reconstruction Scheme[5]

(1) *Allotment of 211,600 Equity Shares to 3 eligible employees of our Bank.*
(2) *Allotment of 231,055,018 Equity Shares to 41 QIBs.*
(3) *Allotment of 22,300 Equity Shares to 3 eligible employees of our Bank.*
(4) *Allotment of 140,000 Equity Shares to 2 eligible employees of our Bank.*
(5) *Allotment of (i) 6,050,000,000 Equity Shares to State Bank of India, (ii) 1,000,000,000 Equity Shares to Housing Development Finance Corporation, (iii) 1,000,000,000 Equity Shares to ICICI Bank Limited, (iv) 600,000,000 Equity Shares to Axis Bank Limited, (v) 500,000,000 Equity Shares to Kotak Mahindra Bank Limited, (vi)300,000,000 Equity Shares to The Federal Bank Limited, (vii) 3000,000,000 Equity Shares to Bandhan Bank Limited, and (viii) 250,000,000 Equity Shares to IDFC First Bank Limited.*

4. **Other details of shareholding of our Bank**

a) As on the date of the filing of this Prospectus, our Bank has 2,178,426 Shareholders.

b) Shareholding of our Directors and/or Key Management Personnel:

Except as set forth below, none of our Directors or Key Management Personnel hold any Equity Shares as on the date of this Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer equity share capital (%)	Percentage of the post-Offer equity share capital (%)
1.	Atul Chunilal Bheda	150	Negligible	Negligible
2.	Swaminathan Janakiraman	800	Negligible	Negligible
3.	Anurag Adlakha	15,000	Negligible	Negligible
4.	Shivanand R Shettigar	117,380	Negligible	Negligible
5.	Parag Gajendra Gorakshakar	16,000	Negligible	Negligible
6.	Prashant Kumar	40	Negligible	Negligible
7.	Ashish Agarwal	40,000	Negligible	Negligible
8.	Neeraj Dhawan	17,500	Negligible	Negligible
9.	Rajanish Prabhu	15,864	Negligible	Negligible
10.	Vinod Bahety	500	Negligible	Negligible
11.	Deodutta Raghunath Kurane	1,064,289	Negligible	Negligible
12.	Amit Sureka	65,900	Negligible	Negligible

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer equity share capital (%)	Percentage of the post-Offer equity share capital (%)
Total		1,353,423	Negligible	Negligible

c) Our Bank had made an initial public offer of Equity Shares in the year 2005.

5. **Lock-in of Equity Shares Allotted to Anchor Investors**

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

6. **Recording on non-transferability of Equity Shares locked-in**

As required under Regulation 118 of the SEBI ICDR Regulations, our Bank shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

7. **Lock-in of Equity Shares pursuant to the Reconstruction Scheme**

Pursuant to the Reconstruction Scheme, the following lock-in requirements have to be complied with by certain Shareholders:

- SBI is required to hold at least 26% of the equity share capital of the Bank (for a period of three years from the date of allotment of the Equity Shares pursuant to the Reconstruction Scheme, *i.e.* from March 14, 2020) and shall not hold more than 49% of the equity share capital of the Bank;

- Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Federal Bank Limited, Bandhan Bank Limited and IDFC First Bank Limited are subject to a three year lock-in for 75% of the Equity Shares allotted to them under the Scheme from the commencement of the Reconstruction Scheme i.e. March 13, 2020;

- Existing shareholders (other than shareholders holding less than 100 Equity Shares) in the Bank as on March 13, 2020 are subject to a lock in for 75% of their shareholding for a period of three years from the commencement of the Scheme, *i.e.* from March 13, 2020.

For further details in relation to the Reconstruction Scheme, please see "*History and Certain Corporate Matters*" on page 233.

8. **Employee Stock Options Schemes**

As on the date of this Prospectus, 175,473,282 options have been granted, 97,519,577 options have been vested, and 71,270,020 Equity Shares have been issued pursuant to exercise of options, by our Bank.

The details of Equity Shares issued under employee stock option schemes implemented by our Bank, aggregated quarter-wise, are set forth in the below table:

Particulars	April 1, 2019 – June 30, 2019	July 1, 2019 – September 30, 2019	October 1, 2019 – December 31, 2019	January 1, 2020 – March 31, 2020
Total Number of Equity Shares issued to employees	3,857,024	387,150	140,000	-
Highest price at which Equity Shares were issued	168.77	92.81	54.51	-
Lowest price at which Equity Shares were issued	29.77	53.86	53.86	-

YBL ESOP:

Our Bank, pursuant to our Board resolutions dated January 22, 2007 and October 17, 2007 and our shareholders' resolution dated August 29, 2007 adopted YBL ESOP that came into effect from August 29, 2007. YBL ESOP is administered by the Nomination and Remuneration Committee and our Bank is authorized to grant, offer, issue, allot, in one or more tranches, up to 10 million options convertible into Equity Shares having aggregate nominal face value of 100 million, on such terms and conditions as may be decided by the Board.

Grants under YBL ESOP has been discontinued, with effect from, June 12, 2018 pursuant to coming into effect of YBL ESOS 2018. However, any options already granted under the abovementioned plan would be valid in accordance with the terms & conditions mentioned in the plan.

YBL ESOP has the following sub-schemes:

i. JESOP IV; and
ii. PESOP I.

As on the date of this Prospectus, the details of options pursuant to JESOP IV, are as follows:

Particulars	Details			
	Fiscal 2018	**Fiscal 2019**	**Fiscal 2020**	**April 1, 2020 – date of this Prospectus**
Total options outstanding as at the beginning of the period	367,300	6,250	-	-
Total options granted	-	-	-	-
Options vested during the year	-	-	-	-
Options Exercised during the year	335,550	3,500	-	-
Vesting period	3- 5 years	3- 5 years	-	-
Pricing formula	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1
Exercise price of options in ₹ (as on the date of grant options)	Various dates – ranging from ₹ 24.12-49.86	Various dates – ranging from ₹ 24.12-49.86	-	-
Options forfeited/lapsed/cancelled	25,500	2,750	-	-
Variation of terms of options	N.A.	N.A.	N.A.	N.A.
Money realized by exercise of options	12,108,830	80,290	-	-
Total number of options outstanding at the end of the period	6,250	-	-	-
Total options vested (excluding the options that have been exercised)	6,250	-	-	-
Options exercised (since implementation of the ESOP scheme)	2,824,490			
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	2,824,490			
Employee wise details of options granted to:				
Key managerial personnel	Please see "*Total number of stock options that have been granted to Senior Management Personnel / Key Managerial Personnel*" on page 115.			
Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	Please see "*Details of the employees who have received the grant of options amounting to 5% or more of options granted*" beginning on page 116.			
Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	Nil			
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with AS 25 'Earnings Per Share'	18.06	7.38	(56.06)	N.A

<table>
<tr><th rowspan="2">Particulars</th><th colspan="4">Details</th></tr>
<tr><th>Fiscal 2018</th><th>Fiscal 2019</th><th>Fiscal 2020</th><th>April 1, 2020 – date of this Prospectus</th></tr>
<tr><td>Where the Bank has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Bank and on the earnings per share of the Bank</td><td>Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2018. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹414.98 million, the basic earnings per share would have been ₹18.24 per share instead of ₹18.43 per share; and diluted earnings per share would have been ₹17.88 per share instead of ₹18.06 per share.</td><td>Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2019. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹375.18 million. the basic earnings per share would have been ₹7.29 per share instead of ₹7.45 per share; and diluted earnings per share would have been ₹7.22 per share instead of ₹7.38 per share.</td><td>Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2020. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit /loss after tax would have been lower by ₹505.40 million the basic earnings per share would have been ₹ (56.24) per share instead of ₹ (56.07) per share; and diluted earnings per share would have been ₹(56.24) per share instead of ₹(56.06) per share.</td><td>N.A.</td></tr>
<tr><td>Method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option</td><td colspan="4"><table>
<tr><th>Particulars</th><th>Fiscal 2018</th><th>Fiscal 2019</th><th>Fiscal 2020</th></tr>
<tr><td>Risk free interest rate</td><td>6.29%-9.23%</td><td>6.29%-9.23%</td><td>6.29%-9.23%</td></tr>
<tr><td>Expected life</td><td>1.5 years - 7.5 years</td><td>1.5 years - 7.5 years</td><td>1.5 years - 7.5 years</td></tr>
<tr><td>Expected volatility</td><td>25.01%-48.72%</td><td>25.01%-48.72%</td><td>25.01%-48.72%</td></tr>
<tr><td>Expected dividends</td><td>1.20%</td><td>1.20%</td><td>1.10%</td></tr>
<tr><td>The price of underlying share in the market at the time of grant</td><td>Various rates</td><td>Various rates</td><td>Various rates</td></tr>
</table></td></tr>
<tr><td>Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three years</td><td colspan="4">-</td></tr>
<tr><td>Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on</td><td colspan="4">The KMP and whole-time directors who are holders of Equity Shares allotted on exercise of options may sell such Equity Shares within three months after the listing of Equity Shares pursuant to the Offer.</td></tr>
</table>

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer				
Intention to sell Equity Shares arising out of the ESOP scheme or allotted under an ESOP scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions), may sell the Equity Shares arising out of the ESOP schemes or allotted under an ESOP scheme within three months after the listing of Equity Shares.			

Note 1: Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.

As on the date of this Prospectus, the details of options pursuant to PESOP I, are as follows:

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
Total options outstanding as at the beginning of the period	664,825	247,375	125,375	-
Total options granted	-	-	-	-
Options vested during the year	-	-	-	-
Options Exercised during the year	263,450	122,000	125,375	-
Vesting period	1-5 years	1-5 years	1-5 years	-
Pricing formula	Refer Note 1	Refer Note 1	Refer Note 1	-
Exercise price of options in ₹ (as on the date of grant options)	ranges from ₹ 22.94-49.86	ranges from ₹ 22.94-49.86	ranges from ₹ 22.94-49.86	-
Options forfeited/lapsed/cancelled	154,000	-	-	-
Variation of terms of options	N.A	N.A	N.A	-
Money realized by exercise of options	9,188,143	3,415,088	3,732,414	-
Total number of options outstanding at the end of the period	247,375	125,375	-	-
Total options vested (excluding the options that have been exercised)	247,375	125,375	-	-
Options exercised (since implementation of the ESOP scheme)	4,262,580			
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	4,262,580			
Employee wise details of options granted to:				
Key managerial personnel	Please see "*Total number of stock options that have been granted to Senior Management Personnel / Key Managerial Personnel*" on page 115.			
Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	Please see "*Details of the employees who have received the grant of options amounting to 5% or more of options granted*" beginning on page 116.			
Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	Nil			
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with AS 25 'Earnings Per Share'	18.06	7.38	(56.06)	N.A

<table>
<tr><th rowspan="2">Particulars</th><th colspan="4">Details</th></tr>
<tr><th>Fiscal 2018</th><th>Fiscal 2019</th><th>Fiscal 2020</th><th>April 1, 2020 – date of this Prospectus</th></tr>
<tr><td>Where the Bank has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Bank and on the earnings per share of the Bank</td><td>Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2018. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹414.98 million, the basic earnings per share would have been ₹18.24 per share instead of ₹18.43 per share; and diluted earnings per share would have been ₹17.88 per share instead of ₹18.06 per share.</td><td>Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2019. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹375.18 million. the basic earnings per share would have been ₹7.29 per share instead of ₹7.45 per share; and diluted earnings per share would have been ₹7.22 per share instead of ₹7.38 per share.</td><td>Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2020. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit /loss after tax would have been lower by ₹505.40 million the basic earnings per share would have been ₹ (56.24) per share instead of ₹ (56.07) per share; and diluted earnings per share would have been ₹(56.24) per share instead of ₹(56.06) per share.</td><td>N.A.</td></tr>
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<tr><td>Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three years</td><td colspan="4">-</td></tr>
<tr><td>Intention of key managerial personnel and whole-time directors who are</td><td colspan="4">The KMP and whole-time directors who are holders of Equity Shares allotted on exercise of options may sell such Equity Shares within three months after the</td></tr>
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Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	listing of Equity Shares pursuant to the Offer.			
Intention to sell Equity Shares arising out of the ESOP scheme or allotted under an ESOP scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions), may sell the Equity Shares arising out of the ESOP schemes or allotted under an ESOP scheme within three months after the listing of Equity Shares.			

Note 1: Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.

YBL JESOP V / PESOP II

Our Bank, pursuant to our Board resolution dated April 29, 2008 and further amended by Board resolutions dated October 22, 2008, April 22, 2009, January 20, 2011, April 20, 2011 and October 30, 2014 and our shareholders' resolution dated September 18, 2008, and further amended by shareholders' resolutions dated September 3, 2009, June 28, 2011, and January 17, 2015, adopted YBL JESOP V / PESOP II that came into effect from April 29, 2008. YBL JESOP V / PESOP II is administered by the Nomination and Remuneration Committee and our Bank is authorized to grant, offer, issue, allot, in one or more tranches, up to 45 million options convertible into Equity Shares, on such terms and conditions as may be decided by the Board.

Grants under YBL JESOP V / PESOP II has been discontinued, with effect from, June 12, 2018 pursuant to coming into effect of YBL ESOS 2018. However, any options already granted under the abovementioned plan would be valid in accordance with the terms & conditions mentioned in the plan.

YBL JESOP V / PESOP II has the following sub-schemes:

i. JESOP V;
ii. PESOP II; and
iii. PESOP II – 2010.

As on the date of this Prospectus, the details of options pursuant to JESOP V, are as follows:

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
Total options outstanding as at the beginning of the period	20,247,650	15,956,850	12,837,326	11,111,552
Total options granted	1,697,500	522,500	-	-
Options vested during the year	649,900	2,530,751	2,068,800	-
Options Exercised during the year	4,611,800	2,797,274	346,499	-
Vesting period	3-6 years	3-6 years	3-6 years	3-6 years
Pricing formula	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1
Exercise price of options in ₹ (as on the date of grant options)	₹ 10-351.05	₹ 10-351.05	₹ 10-351.05	₹ 10-351.05
Options forfeited/lapsed/cancelled	1,376,500	844,750	1,379,275	1,208,475
Variation of terms of options	N.A	N.A	N.A	N.A
Money realized by exercise of options	356,917,936	297,015,481	27,898,800	-
Total number of options outstanding at the end of the period	15,956,850	12,837,326	11,111,552	9,903,077
Total options vested (excluding the options that have been exercised)	2,271,100	3,901,451	5,650,302	5,693,077
Options exercised (since implementation of the ESOP scheme)	8,998,887			

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)				8,998,887
Employee wise details of options granted to:				
Key managerial personnel	Please see "*Total number of stock options that have been granted to Senior Management Personnel / Key Managerial Personnel*" on page 115.			
Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	Please see "*Details of the employees who have received the grant of options amounting to 5% or more of options granted*" beginning on page 116.			
Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant				Nil
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with AS 25 'Earnings Per Share'	18.06	7.38	(56.06)	N.A
Where the Bank has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Bank and on the earnings per share of the Bank	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2018. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹414.98 million, the basic earnings per share would have been ₹18.24 per share instead of ₹18.43 per share; and diluted earnings per share would have been ₹17.88 per share instead of ₹18.06 per share.	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2019. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹375.18 million. the basic earnings per share would have been ₹7.29 per share instead of ₹7.45 per share; and diluted earnings per share would have been ₹7.22 per share instead of ₹7.38 per share.	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2020. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit /loss after tax would have been lower by ₹505.40 million the basic earnings per share would have been ₹ (56.24) per share instead of ₹ (56.07) per share; and diluted	N.A.

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<tr><td>Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three years</td><td colspan="4">-</td></tr>
<tr><td>Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer</td><td colspan="4">The KMP and whole-time directors who are holders of Equity Shares allotted on exercise of options may sell such Equity Shares within three months after the listing of Equity Shares pursuant to the Offer.</td></tr>
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Note 1: Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.

As on the date of this Prospectus, the details of options pursuant to PESOP II, are as follows:

Particulars	Details			
	Fiscal 2018	**Fiscal 2019**	**Fiscal 2020**	**April 1, 2020 – date of this Prospectus**
Total options outstanding as at the beginning of the period	5,030,675	2,276,650	753,600	-
Total options granted	-	-	-	-
Options vested during the year	-	-	-	-
Options Exercised during the year	2,754,025	1,523,050	753,600	-
Vesting period	1-3.75 years	1-3.75 years	1-3.75 years	

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
Pricing formula	Refer Note 1	Refer Note 1	Refer Note 1	-
Exercise price of options in ₹ (as on the date of grant options)	₹ 10-53.23	₹ 10-53.23	₹ 10-53.23	-
Options forfeited/lapsed/cancelled	-	-	-	-
Variation of terms of options	N.A	N.A	N.A	N.A
Money realized by exercise of options	65,074,379	38,502,666	22,434,672	-
Total number of options outstanding at the end of the period	2,276,650	753,600	-	-
Total options vested (excluding the options that have been exercised)	2,276,650	753,600	-	-
Options exercised (since implementation of the ESOP scheme)	16,016,105			
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	16,016,105			
Employee wise details of options granted to:				
Key managerial personnel	Please see "*Total number of stock options that have been granted to Senior Management Personnel / Key Managerial Personnel*" on page 115.			
Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	Please see "*Details of the employees who have received the grant of options amounting to 5% or more of options granted*" beginning on page 116.			
Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	Nil			
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with AS 25 'Earnings Per Share'	18.06	7.38	(56.06)	N.A
Where the Bank has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Bank and on the earnings per share of the Bank	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2018. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹414.98 million, the basic earnings per share would have been ₹18.24 per share instead of ₹18.43 per share; and	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2019. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹375.18 million. the basic earnings per share would have been ₹7.29 per share instead of ₹7.45 per share; and diluted earnings per share would have been ₹7.22 per share instead	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2020. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit /loss after tax would have been	N.A.

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<tr><td>Intention to sell Equity Shares arising out of the ESOP scheme or allotted under an ESOP scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)</td><td colspan="4">Directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions), may sell the Equity Shares arising out of the ESOP schemes or allotted under an ESOP scheme within three months after the listing of Equity Shares.</td></tr>
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Note 1: Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.

As on the date of this Prospectus, the details of options pursuant to PESOP II - 2010, are as follows:

Particulars	Details			
	Fiscal 2018	**Fiscal 2019**	**Fiscal 2020**	**April 1, 2020 – date of this Prospectus**
Total options outstanding as at the beginning of the period	59,106,665	43,733,310	33,875,140	23,710,290
Total options granted	3,847,500	100,000	-	-
Options vested during the year	5,328,100	5,499,330	5,436,225	-
Options Exercised during the year	12,573,355	7,619,970	3,158,700	-
Vesting period	1.25-6.28 years	1.25-6.28 years	1.25-6.28 years	1.25-6.28 years
Pricing formula	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1
Exercise price of options in ₹ (as on the date of grant options)	₹ 53.86- 351.05	₹ 53.86- 351.05	₹ 53.86- 351.05	₹ 53.86- 351.05
Options forfeited/lapsed/cancelled	6,647,500	2,338,200	7,006,150	1,184,800
Variation of terms of options	N.A	N.A	N.A	N.A
Money realized by exercise of options	935,364,414	614,457,888	230,463,261	-
Total number of options outstanding at the end of the period	43,733,310	33,875,140	23,710,290	22,525,490
Total options vested (excluding the options that have been exercised)	15,889,560	17,822,290	16,388,915	15,830,030
Options exercised (since implementation of the ESOP scheme)	25,812,958			
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	25,812,958			
Employee wise details of options granted to:				
Key managerial personnel	Please see "*Total number of stock options that have been granted to Senior Management Personnel / Key Managerial Personnel*" on page 115.			
Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	Please see "*Details of the employees who have received the grant of options amounting to 5% or more of options granted*" beginning on page 116.			
Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	Nil			
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with AS 25 'Earnings Per Share'	18.06	7.38	(56.06)	N.A
Where the Bank has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Bank and on the earnings per share of the Bank	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2018. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit after tax would have been	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2019. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹375.18 million. the basic	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2020. Had the Bank adopted the Fair Value method (based on Black-Scholes	N.A.

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<tr><td>Expected life</td><td>1.5 years - 7.5 years</td><td>1.5 years - 7.5 years</td><td>1.5 years - 7.5 years</td></tr>
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Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)				

Note 1: Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.

YBL Employee Stock Option Scheme, 2018:

Our Bank, pursuant to our Board resolution dated April 26, 2018 and our shareholders' resolution dated June 12, 2018 adopted YBL Employee Stock Option Scheme, 2018, ("**YBL ESOS 2018**") that came into effect from June 12, 2018. YBL ESOS 2018 is administered by the Nomination and Remuneration Committee and our Bank is authorized to grant, offer, issue, allot, in one or more tranches, up to 75,000,000 options convertible into 75,000,000 Equity Shares on such terms and conditions as may be decided by the Board.

YBL ESOS has the following sub-schemes:

i. YBL Joining Employee Stock Option Plan, 2018 ("**YBL JESOP 2018**");
ii. YBL Performance Employee Stock Option Plan, 2018 ("**YBL PESOP 2018**");
iii. YBL Performance Employee Stock Option Plan, 2019 ("**YBL PESOP 2019**");
iv. YBL MD & CEO (New) Stock Option Plan, 2019 ("**MD & CEO PLAN 2019**"); and
v. YBL MD & CEO (New) Stock Option Plan, 2020 ("**MD & CEO PLAN 2020**").

As on the date of this Prospectus, the details of options pursuant to YBL JESOP 2018, are as follows:

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
Total options outstanding as at the beginning of the period	-	-	417,500	2,402,500
Total options granted	-	417,500	2,025,000	42,500
Options vested during the year	-	-	-	-
Options Exercised during the year	-	-	-	-
Vesting period	-	3-5 years	3-5 years	-
Pricing formula	Refer Note 1	Refer Note 1	Refer Note 1	Refer Note 1
Exercise price of options in ₹ (as on the date of grant options)	₹ 38.55 – 384.35	₹ 38.55 – 384.35	₹ 38.55 – 384.35	₹ 26.30 – 384.35
Options forfeited/lapsed/cancelled	-	-	40,000	100,000
Variation of terms of options	N.A	N.A	N.A	N.A
Money realized by exercise of options	-	-	-	-
Total number of options outstanding at the end of the period	-	417,500	2,402,500	2,345,000
Total options vested (excluding the options that have been exercised)	-	-	-	-
Options exercised (since implementation of the ESOP scheme)	Nil			
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	Nil			
Employee wise details of options granted to:				
Key managerial personnel	Please see "*Total number of stock options that have been granted to Senior Management Personnel / Key Managerial Personnel*" on page 115.			
Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	Please see "*Details of the employees who have received the grant of options amounting to 5% or more of options granted*" beginning on page 116.			
Identified employees who were granted	Nil			

Particulars	Details			
	Fiscal 2018	**Fiscal 2019**	**Fiscal 2020**	**April 1, 2020 – date of this Prospectus**
options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant				
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with AS 25 'Earnings Per Share'	18.06	7.38	(56.06)	NA
Where the Bank has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Bank and on the earnings per share of the Bank	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2018. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹414.98 million, the basic earnings per share would have been ₹18.24 per share instead of ₹18.43 per share; and diluted earnings per share would have been ₹17.88 per share instead of ₹18.06 per share.	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2019. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹375.18 million. the basic earnings per share would have been ₹7.29 per share instead of ₹7.45 per share; and diluted earnings per share would have been ₹7.22 per share instead of ₹7.38 per share.	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2020. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit /loss after tax would have been lower by ₹505.40 million the basic earnings per share would have been ₹ (56.24) per share instead of ₹ (56.07) per share; and diluted earnings per share would have been ₹(56.24) per share instead of ₹(56.06) per share.	N.A.
Method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility,				

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020
Risk free interest rate	6.29%-9.23%	6.29%-9.23%	6.29%-9.23%
Expected life	1.5 years - 7.5	1.5 years - 7.5 years	1.5 years - 7.5

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
expected dividends, and the price of the underlying share in the market at the time of grant of option		years		years
	Expected volatility	25.01%-48.72%	25.01%-48.72%	25.01%-48.72%
	Expected dividends	1.20%	1.20%	1.10%
	The price of underlying share in the market at the time of grant	Various rates	Various rates	Various rates
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three years	-			
Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	The KMP and whole-time directors who are holders of Equity Shares allotted on exercise of options may sell such Equity Shares within three months after the listing of Equity Shares pursuant to the Offer.			
Intention to sell Equity Shares arising out of the ESOP scheme or allotted under an ESOP scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions), may sell the Equity Shares arising out of the ESOP schemes or allotted under an ESOP scheme within three months after the listing of Equity Shares.			

Note 1: Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.

As on the date of this Prospectus, the details of options pursuant to YBL PESOP 2018, are as follows:

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
Total options outstanding as at the beginning of the period	-	-	265,000	12,986,500
Total options granted	-	265,000	18,032,000	-
Options vested during the year	-	-	-	-
Options Exercised during the year	-	-	-	-
Vesting period	-	3-5 years	3-5 years	3-5 years
Pricing formula	-	Refer Note 1	Refer Note 1	Refer Note 1
Exercise price of options in ₹ (as on the date of grant options)	-	₹ 192.35-384.35	₹ 192.35-384.35	₹ 192.35-384.35
Options forfeited/lapsed/cancelled	-	-	5,310,500	677,000
Variation of terms of options	N.A	N.A	N.A	N.A
Money realized by exercise of options	-	-	-	-
Total number of options outstanding at the end of the period	-	417,500	2,402,500	2,345,000
Total options vested (excluding the options that have been exercised)	-	-	-	-
Options exercised (since implementation of the ESOP scheme)	-			
The total number of Equity Shares arising as a result of exercise of granted	-			

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
options (including options that have been exercised)				
Employee wise details of options granted to:				
Key managerial personnel	Please see "*Total number of stock options that have been granted to Senior Management Personnel / Key Managerial Personnel*" on page 115.			
Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	Please see "*Details of the employees who have received the grant of options amounting to 5% or more of options granted*" beginning on page 116.			
Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	Nil			
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with AS 25 'Earnings Per Share'	18.06	7.38	(56.06)	N.A
Where the Bank has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Bank and on the earnings per share of the Bank	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2018. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹414.98 million, the basic earnings per share would have been ₹18.24 per share instead of ₹18.43 per share; and diluted earnings per share would have been ₹17.88 per share instead of ₹18.06 per share.	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2019. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹375.18 million. the basic earnings per share would have been ₹7.29 per share instead of ₹7.45 per share; and diluted earnings per share would have been ₹7.22 per share instead of ₹7.38 per share.	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2020. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit /loss after tax would have been lower by ₹505.40 million the basic earnings per share would have been ₹ (56.24) per share instead of ₹ (56.07) per share; and diluted earnings per share would	N.A.

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
			have been ₹(56.24) per share instead of ₹(56.06) per share.	
Method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	**Particulars** / **Fiscal 2018** / **Fiscal 2019** / **Fiscal 2020** Risk free interest rate / 6.29%-9.23% / 6.29%-9.23% / 6.29%-9.23% Expected life / 1.5 years - 7.5 years / 1.5 years - 7.5 years / 1.5 years - 7.5 years Expected volatility / 25.01%-48.72% / 25.01%-48.72% / 25.01%-48.72% Expected dividends / 1.20% / 1.20% / 1.10% The price of underlying share in the market at the time of grant / Various rates / Various rates / Various rates			
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three years	-			
Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	The KMP and whole-time directors who are holders of Equity Shares allotted on exercise of options may sell such Equity Shares within three months after the listing of Equity Shares pursuant to the Offer.			
Intention to sell Equity Shares arising out of the ESOP scheme or allotted under an ESOP scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions), may sell the Equity Shares arising out of the ESOP schemes or allotted under an ESOP scheme within three months after the listing of Equity Shares.			

Note 1: Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.

As on the date of this Prospectus, the details of options pursuant to YBL PESOP, 2019, are as follows:

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
Total options outstanding as at the beginning of the period	-	-	-	-
Total options granted	-	-	-	-
Options vested during the year	-	-	-	-
Options Exercised during the year	-	-	-	-
Vesting period	-	3-5 years	3-5 years	3-5 years
Pricing formula	-	Refer Note 1	Refer Note 1	Refer Note 1
Exercise price of options in ₹ (as on the date of grant options)	-	-	-	-

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
Options forfeited/lapsed/cancelled	-	-	-	-
Variation of terms of options	-	-	-	-
Money realized by exercise of options	-	-	-	-
Total number of options outstanding at the end of the period	-	-	-	-
Total options vested (excluding the options that have been exercised)	-	-	-	-
Options exercised (since implementation of the ESOP scheme)	Nil			
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	Nil			
Employee wise details of options granted to:				
Key managerial personnel	Please see "*Total number of stock options that have been granted to Senior Management Personnel / Key Managerial Personnel*" on page 115.			
Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	Please see "*Details of the employees who have received the grant of options amounting to 5% or more of options granted*" beginning on page 116.			
Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	Nil			
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with AS 25 'Earnings Per Share'	18.06	7.38	(56.06)	NA
Where the Bank has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Bank and on the earnings per share of the Bank	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2018. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹414.98 million, the basic earnings per share would have been ₹18.24 per share instead of ₹18.43 per share; and diluted earnings per share would have been	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2019. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹375.18 million. the basic earnings per share would have been ₹7.29 per share instead of ₹7.45 per share; and diluted earnings per share would have been ₹7.22 per share instead of ₹7.38 per share.	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2020. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit /loss after tax would have been lower by ₹505.40 million the	N.A.

<table>
<tr><th rowspan="2">Particulars</th><th colspan="4">Details</th></tr>
<tr><th>Fiscal 2018</th><th>Fiscal 2019</th><th>Fiscal 2020</th><th>April 1, 2020 – date of this Prospectus</th></tr>
<tr><td></td><td>₹17.88 per share instead of ₹18.06 per share.</td><td></td><td>basic earnings per share would have been ₹ (56.24) per share instead of ₹ (56.07) per share; and diluted earnings per share would have been ₹(56.24) per share instead of ₹(56.06) per share.</td><td></td></tr>
<tr><td>Method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option</td><td colspan="4"><table>
<tr><th>Particulars</th><th>Fiscal 2018</th><th>Fiscal 2019</th><th>Fiscal 2020</th></tr>
<tr><td>Risk free interest rate</td><td>6.29%-9.23%</td><td>6.29%-9.23%</td><td>6.29%-9.23%</td></tr>
<tr><td>Expected life</td><td>1.5 years - 7.5 years</td><td>1.5 years - 7.5 years</td><td>1.5 years - 7.5 years</td></tr>
<tr><td>Expected volatility</td><td>25.01%-48.72%</td><td>25.01%-48.72%</td><td>25.01%-48.72%</td></tr>
<tr><td>Expected dividends</td><td>1.20%</td><td>1.20%</td><td>1.10%</td></tr>
<tr><td>The price of underlying share in the market at the time of grant</td><td>Various rates</td><td>Various rates</td><td>Various rates</td></tr>
</table></td></tr>
<tr><td>Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three years</td><td colspan="4">-</td></tr>
<tr><td>Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer</td><td colspan="4">The KMP and whole-time directors who are holders of Equity Shares allotted on exercise of options may sell such Equity Shares within three months after the listing of Equity Shares pursuant to the Offer.</td></tr>
<tr><td>Intention to sell Equity Shares arising out of the ESOP scheme or allotted under an ESOP scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)</td><td colspan="4">Directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions), may sell the Equity Shares arising out of the ESOP schemes or allotted under an ESOP scheme within three months after the listing of Equity Shares.</td></tr>
</table>

Note 1: Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.

As on the date of this Prospectus, the details of options pursuant to MD & CEO Plan, 2019, are as follows:

Particulars	Details

	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
Total options outstanding as at the beginning of the period	-	-	5,000,000	-
Total options granted	-	5,000,000	-	-
Options vested during the year	-	-	5,000,000	-
Options Exercised during the year	-	-	-	-
Vesting period	-	1-3 years	1-3 years	-
Pricing formula	-	Refer Note 1	Refer Note 1	-
Exercise price of options in ₹ (as on the date of grant options)	-	231.15	231.15	-
Options forfeited/lapsed/cancelled	-	-	4,000,000	-
Variation of terms of options	N.A	N.A	N.A	N.A
Money realized by exercise of options	-	-	-	-
Total number of options outstanding at the end of the period	-	5,000,000	1,000,000	-
Total options vested (excluding the options that have been exercised)	-	-	1,000,000	-
Options exercised (since implementation of the ESOP scheme)	Nil			
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	Nil			
Employee wise details of options granted to:				
Key managerial personnel	Please see "*Total number of stock options that have been granted to Senior Management Personnel / Key Managerial Personnel*" on page 115.			
Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	Please see "*Details of the employees who have received the grant of options amounting to 5% or more of options granted*" beginning on page 116.			
Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	Nil			
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with AS 25 'Earnings Per Share'	18.06	7.38	(56.06)	N.A
Where the Bank has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Bank and on the earnings per share of the Bank	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2018. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹414.98 million, the basic earnings per	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2019. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹375.18 million. the basic earnings per share would have been ₹7.29 per share instead of ₹7.45	Our Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2020. Had the Bank adopted the Fair Value method (based on Black-Scholes pricing model), for pricing and accounting	N.A.

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
	share would have been ₹18.24 per share instead of ₹18.43 per share; and diluted earnings per share would have been ₹17.88 per share instead of ₹18.06 per share.	per share; and diluted earnings per share would have been ₹7.22 per share instead of ₹7.38 per share.	of options, net profit /loss after tax would have been lower by ₹505.40 million the basic earnings per share would have been ₹ (56.24) per share instead of ₹ (56.07) per share; and diluted earnings per share would have been ₹(56.24) per share instead of ₹(56.06) per share.	
Method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	<table><tr><th>Particulars</th><th>Fiscal 2018</th><th>Fiscal 2019</th><th>Fiscal 2020</th></tr><tr><td>Risk free interest rate</td><td>6.29%-9.23%</td><td>6.29%-9.23%</td><td>6.29%-9.23%</td></tr><tr><td>Expected life</td><td>1.5 years - 7.5 years</td><td>1.5 years - 7.5 years</td><td>1.5 years - 7.5 years</td></tr><tr><td>Expected volatility</td><td>25.01%-48.72%</td><td>25.01%-48.72%</td><td>25.01%-48.72%</td></tr><tr><td>Expected dividends</td><td>1.20%</td><td>1.20%</td><td>1.10%</td></tr><tr><td>The price of underlying share in the market at the time of grant</td><td>Various rates</td><td>Various rates</td><td>Various rates</td></tr></table>			
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three years	-			
Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	The KMP and whole-time directors who are holders of Equity Shares allotted on exercise of options may sell such Equity Shares within three months after the listing of Equity Shares pursuant to the Offer.			
Intention to sell Equity Shares arising out of the ESOP scheme or allotted under an ESOP scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding	Directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions), may sell the Equity Shares arising out of the ESOP schemes or allotted under an ESOP scheme within three months after the listing of Equity Shares.			

Particulars	Details			
	Fiscal 2018	Fiscal 2019	Fiscal 2020	April 1, 2020 – date of this Prospectus
warrants and conversions)				

Note 1: Being the closing price on the stock exchange with the highest trading volumes on the last working day prior to the date of grant.

As on the date of this Prospectus, there are no options granted pursuant to MD & CEO PLAN 2020. MD & CEO PLAN 2020 consists of 5,000,000 options with a vesting period of 1 - 3.5 years, and will become operational post receipt of approval from RBI.

Employee wise details of options:

Total number of stock options that have been granted to Senior Management Personnel / Key Managerial Personnel

Fiscal 2020

Scheme / plan	Employee name	Designation at the time of grant	Options granted	Grant price (in ₹)
YBL JESOP 2018	Lata Pillai	Group President	75,000	96.25
YBL JESOP 2018	Rajeev Uberoi	Senior Group President	500,000	96.25
YBL JESOP 2018	Anita Pai	Senior Group President	500,000	38.55
YBL JESOP 2018	Anurag Adlakha	Senior Group President II	500,000	51.2
YBL JESOP 2018	Jasneet Bachal	Group President II	70,000	51.2
YBL PESOP 2018	Vinod Bahety	Senior Group President	1,250,000	275.1
YBL PESOP 2018	Devamalya Dey	Senior Group President II	150,000	275.1
YBL PESOP 2018	Deodutta Kurane	Senior Group President II	250,000	275.1
YBL PESOP 2018	Rajat Monga	Senior Group President	3,000,000	275.1
YBL PESOP 2018	Ashish Agarwal	Senior Group President	2,500,000	275.1
YBL PESOP 2018	Amit Sureka	Senior Group President II	250,000	275.1
YBL PESOP 2018	Vivek Kumar	President	12,000	275.1
YBL PESOP 2018	Rajiv Anand	Group President	300,000	275.1
YBL PESOP 2018	Sumit Gupta	Senior Group President II	300,000	275.1
YBL PESOP 2018	Asit Oberoi	Senior Group President II	100,000	275.1
YBL PESOP 2018	Namita Vikas	Senior Group President II	50,000	275.1
YBL PESOP 2018	Dhavan Shah	Group President	100,000	275.1
YBL PESOP 2018	Jyoti Prasad Ratho	Senior Group President II	100,000	275.1
YBL PESOP 2018	Ritesh Pai	Senior Group President II	100,000	275.1
YBL PESOP 2018	Rajanish Prabhu	Senior Group President II	120,000	275.1
YBL PESOP 2018	Rajan Pental	Senior Group President	300,000	275.1
YBL PESOP 2018	Kumar Padhmanabhan	Senior Group President II	125,000	275.1
YBL PESOP 2018	Raj Kumar Ahuja	Senior Group President II	150,000	275.1
YBL PESOP 2018	Nirav Dalal	Senior Group President II	250,000	275.1
YBL PESOP 2018	Nikhil Sahni	Senior Group President II	100,000	275.1
YBL PESOP 2018	Arun Agrawal	Senior Group President II	150,000	275.1
YBL PESOP 2018	Shubhada Rao	Senior Group President II	50,000	275.1

Fiscal 2019

Scheme / plan	Name of Employee	Designation at the time of grant	Options granted	Grant Price (in ₹)
YBL PESOP 2018	Akash Prasad	Group President	100,000	384.35
YBL JESOP 2018	Amar Kirti Ambani	President	25,000	192.35
YBL JESOP 2018	Anand Deva Priya	President	30,000	384.35
YBL JESOP 2018	Ashish Joshi	Senior President	60,000	200.85
YBL JESOP 2018	Binoj Vasu	Senior President	50,000	200.85
PESOP II - 2010	Mahesh Rajaraman	Group President	50,000	313.05
PESOP II - 2010	Neeraj Dhawan	Senior Group President	50,000	313.05
JESOP V	Raj Ahuja	Senior Group President	400,000	313.05
YBL PESOP 2018	Rajiv Anand	Group President	150,000	384.35
YBL MD & CEO	Ravneet Singh Gill	MD & CEO	5,000,000	231.15

Scheme / plan	Name of Employee	Designation at the time of grant	Options granted	Grant Price (in ₹)
PLAN 2019				
YBL JESOP 2018	Sai Venkataramana Kosuri	Senior President	35,000	192.35
YBL PESOP 2018	Vikash Modi	Senior President	15,000	192.35
YBL JESOP 2018	Vikram Mago	President	25,000	200.85
YBL JESOP 2018	Vineet Dhar	Group President	100,000	192.35

Fiscal 2018

Scheme / plan	Employee name	Designation at the time of grant	Options granted	Grant price (in ₹)
PESOP II 2010	Amit Sanan	Group President	50,000	351.05
PESOP II 2010	Amit Shah	Senior President	75,000	351.05
PESOP II 2010	Arun Agrawal	Group President	125,000	351.05
PESOP II 2010	Aseem Gandhi	Senior President	75,000	351.05
PESOP II 2010	Ashish Agarwal	Senior Group President	375,000	351.05
PESOP II 2010	Devamalya Dey	Senior Group President	37,500	351.05
PESOP II 2010	Jyoti Prasad Ratho	Senior President	50,000	351.05
PESOP II 2010	Kumar Padhmanabhan	Senior Group President	125,000	351.05
PESOP II 2010	Lata Dave	Senior President	100,000	351.05
PESOP II 2010	Namita Vikas	Group President	25,000	351.05
PESOP II 2010	Niranjan Banodkar	Senior President	62,500	351.05
PESOP II 2010	Pralay Mondal	Senior Group President	175,000	351.05
PESOP II 2010	Preeti Sinha	Senior President	25,000	351.05
PESOP II 2010	Punit Malik	Group President	125,000	351.05
PESOP II 2010	Rajat Mehta	Senior President	37,500	351.05
PESOP II 2010	Shubhada Rao	Group President	25,000	351.05
PESOP II 2010	Vinod Bahety	Group President	150,000	351.05

<u>Details of the employees who have received the grant of options amounting to 5% or more of options granted</u>

Fiscal 2020

Scheme / plan	Employee name	Designation at the time of grant	Options granted	Grant price (in ₹)
YBL JESOP 2018	Rajeev Uberoi	Senior Group President	500,000	96.25
YBL JESOP 2018	Anita Pai	Senior Group President	500,000	38.55
YBL JESOP 2018	Anurag Adlakha	Senior Group President II	500,000	51.2
YBL PESOP 2018	Vinod Bahety	Senior Group President	1,250,000	275.1
YBL PESOP 2018	Rajat Monga	Senior Group President	3,000,000	275.1
YBL PESOP 2018	Ashish Agarwal	Senior Group President	2,500,000	275.1

Fiscal 2019

Scheme / plan	Employee name	Designation at the time of grant	Options granted	Grant price(in ₹)
JESOP V	Raj Ahuja	Senior Group President	400,000	313.05
YBL PESOP 2018	Rajiv Anand	Group President	150,000	384.35
YBL MD & CEO PLAN 2019	Ravneet Singh Gill	MD & CEO	5,000,000	231.15

Fiscal 2018

Scheme / plan	Employee name	Designation at the time of grant	Options granted	Grant price (in ₹)
JESOP V	Ajay Rajan	Group President – Yes Bank Limited	300,000	311.65
PESOP II 2010	Ashish Agarwal	Senior Group President – Yes Bank Limited	375,000	351.05

JESOP V	Prasanth Prabhakaran	CEO & Senior President, Brokerage - YSIL	300,000	344.15
JESOP V	Prasun Kumar Sikdar	Group President – Yes Bank Limited	175,000	311.65
JESOP V	Sandeep Prabhani	COO & Senior President - YAMIL	100,000	311.65

9. Except for any securities that may be issued by our Bank towards meeting its capital adequacy requirements and other regulatory requirements, and any grant of employee stock options or any issuance of Equity Shares pursuant to the ESOP Schemes, our Bank does not presently intend to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a preferential basis, or by way of issue of bonus Equity Shares, or on a rights basis, or by way of a further public issue of Equity Shares, or otherwise.

10. Our Bank shall not make any further issue of specified securities, in any manner, between the date of filing this Prospectus and the listing of the Equity Shares offered through the Prospectus or refund of application monies. However, the foregoing restriction does not apply to any grant of employee stock options or issuance of Equity Shares pursuant to the ESOP Schemes.

11. There have been no financing arrangements whereby our Directors and /or their relatives have financed the purchase by any other person of securities of our Bank during a period of six months immediately preceding the date of this Prospectus.

12. All Equity Shares issued pursuant to the Offer shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Prospectus.

13. Except as disclosed below, as on the date of this Prospectus, the BRLMs and their respective associates, as defined under the SEBI Merchant Bankers Regulations do not hold any Equity Shares. The BRLM(s) and their associates may engage in the transactions with and perform services for our Bank in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Bank for which they may in the future receive customary compensation.

Name of shareholder	No. of Equity Shares held	% of pre-Offer Equity Share capital
Kotak Mahindra Bank Limited	440,769,000	3.51
Merrill Lynch Markets Singapore Pte. Ltd	9,356	Negligible
Axis Bank Limited	600,000,000	4.78
State Bank of India	6,050,000,000	48.21
CGM Mauritius Private Limited (CGMMP)	214,364	Negligible
ICICI Bank Limited	1,000,151,767	7.97

14. Our Bank, our Directors and the BRLMs have not entered into any buyback arrangements and or any other similar arrangements for the purchase of Equity Shares being offered through the Offer.

15. Except for options granted under the ESOP Schemes, there are no warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares as on the date of this Prospectus.

16. This Offer was made through the Book Building Process in accordance with the SEBI ICDR Regulations wherein 50% of the Net Offer was made available for allocation on a proportionate basis to QIBs, provided that our Bank, in consultation with the BRLMs allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) was available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion was available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer was available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All Bidders, other than Anchor Investors, were mandatorily required to participate in the Offer through the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective bank accounts and UPI ID in case of RIIs, as applicable, which were blocked by the Self Certified Syndicate Banks ("**SCSBs**"), as the case may be. Anchor Investors were not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see "*Offer Procedure*" beginning on page 520.

17. Up to 181,818,181Equity Shares aggregating up to ₹2,000 million were reserved for allocation to Eligible Employees under the Employee Reservation Portion, subject to valid Bids being received at or above the Offer Price (net of Employee Discount, as applicable for the Employee Reservation Portion). Only Eligible Employees were be eligible to apply in this Offer under the Employee Reservation Portion. Bids by Eligible Employees could also be made in the Net Offer and such Bids were not be treated as multiple Bids. Unless the Employee Reservation Portion was undersubscribed, the value of allocation to an Eligible Employee shall did exceed ₹200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹ 200,000 up to ₹500,000.

18. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

19. No person connected with the Offer shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or otherwise, to any Bidder for making a Bid.

20. Except as set out under "*Capital Structure"* beginning on page 92, our Bank has not made any public issue of securities or rights issue of any kind or class of securities since its incorporation.

21. The relevant regulations in respect of all preferential allotments, bonus issues and qualified institutions placements undertaken by the Bank in the ten years preceding the date of the date of this Prospectus, have been complied with.

OBJECTS OF THE OFFER

Our Bank intends to utilize the Net Proceeds towards ensuring adequate capital to support its growth and expansion, including enhancing its solvency and capital adequacy ratio.

The main objects of our Bank, as stated in our Memorandum of Association, enable our Bank to undertake its existing activities and the activities for which the funds are being raised by our Bank through the Offer. Further, our Bank's existing business activities are being undertaken in accordance with the main objects clause of our Memorandum of Association. For further details in relation to the main objects of our Bank, please see "*History and Certain Corporate Matters*" on page 233.

Utilisation of the proceeds of the Offer

The details of the Offer Proceeds are set forth in the table below:

(In ₹ million)

Particulars		Amount*
Gross proceeds from the Offer		150,000
Less:	Estimated Offer related expenses	1,493.44
Net Proceeds		148,506.56

Requirement and utlisation of Net Proceeds

The proposed utilisation of the Net Proceeds is set forth in the table below:

(In ₹ million)

Particulars	Amount
Ensuring adequate capital to support growth and expansion, including enhancing our Bank's solvency and capital adequacy ratio	148,506.56
Total	148,506.56

Details of the object of the Offer

The details in relation to the object of the Offer are set forth herein below.

Ensuring adequate capital to support growth and expansion, including enhancing our solvency and capital adequacy ratio

In order to meet our growing requirement for capital on account of, amongst other things, (i) the expanding business of our Bank, (ii) evolving regulatory requirements, and (iii) changes in provisioning requirements, our Bank has raised equity capital on various occasions in the past.

To support the growth of our Bank, it is important that our Bank remains capitalised and complies with all regulations with respect to CET I capital base. We believe that higher capital provides the necessary buffers that are intended at maintaining asset quality and absorbing higher provisioning requirements during asset quality cycles.

As of March 31, 2020, the Bank's CET I ratio was at 6.3%. The RBI had prescribed a minimum CET I ratio of 7.375% by March 31, 2020. This minimum CET I ratio requirement will increase to 8% by September 30, 2020. In order to comply with the requirements of the RBI with respect to CET I ratio and support the Bank's growth plans, it is important to have adequate equity capital.

Our management, in response to its business requirements and the competitive and dynamic nature of the industry, may have to revise its business plan from time to time and, consequently, our funding requirements may change. In case of a shortfall in the Net Proceeds, our management may explore a range of options, including additional fundraising by issuance of specified securities by way of a preferential issue, qualified institutions placement or such other means at the discretion of the Board, in compliance with applicable law. Our management expects that such alternate arrangements would be available to fund any such shortfall.

Upon deployment of the Net Proceeds, our Bank may utilise a part or all of the Net Proceeds in the ordinary course of the Bank's business, including but not limited to, reduction of liabilities, interest and operating expenditure, expansions, *etc.*

Schedule of deployment of funds

(In ₹ million)

S. No.	Particulars of the object of the Offer	Amount proposed to be funded from Net Proceeds	Proposed Schedule for deployment of the Net Proceeds
			Fiscal 2021
1.	Ensuring adequate capital to support growth and expansion, including enhancing our solvency and capital adequacy ratio	148,506.56	148,506.56
Total		148,506.56	148,506.56

The above-stated fund requirements and the proposed deployment of funds from the Net Proceeds are based on internal management estimates based on current market conditions. For details, see "*Risk Factors – The objects of the Offer have not been appraised by any bank or financial institution and the deployment of the proceeds is at our discretion and is not subject to monitoring by any independent agency*" on page 53.

Appraising agency and bridge financing facilities

The object of the Offer has not been appraised by any bank, financial institution or any other agency and we have not raised any bridge loans against the Net Proceeds. For details, see "*Risk Factors – The objects of the Offer have not been appraised by any bank or financial institution and the deployment of the proceeds is at our discretion and is not subject to monitoring by any independent agency*" on page 53.

Means of finance

The object detailed above is intended to be funded entirely from the Net Proceeds. Accordingly, we confirm that there is no need for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Offer.

Offer related expenses

The total Offer related expenses are estimated to be approximately ₹1,493.44 million. The Offer related expenses consist of listing fees, underwriting fees, selling commission and brokerage, fees payable to the BRLMs, legal counsel to our Bank, and the BRLMs, Registrar to the Offer, Bankers to the Offer including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, fees payable to the Sponsor Bank for Bids made by RIBs using UPI, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges. All offer expenses shall be borne by the Bank. The following table sets forth details of the break-up for the estimated Offer expenses:

Activity	Amount[(1)] (₹ in million)	As a % of total estimated Offer related expenses [(1)]	As a % of Offer size [(1)]
Fees payable to the BRLMs & Underwriters	928.75	62.2	0.62
Brokerage, selling commission, kitty, bidding charges for members of the Syndicate, SCSBs, RTAs, Registered Brokers, CDPs[(2)] and Commission/processing fee for SCSBs and Bankers to the Offer and fees payable to the Sponsor Bank for Bids made by RIBs using UPI [(3)]	200.24	13.4	0.13
Fees payable to Registrar to the Offer	1.00	0.1	0.00
Other advisors to the Offer	14.40	1.0	0.01
Others:			

(i) Listing fees	23.30	1.6	0.02
(ii) SEBI, BSE and NSE processing fees	44.58	3.0	0.03
(iii) Book-building software fees	119.42	8.0	0.08
(iv) Other regulatory expenses	15.46	1.0	0.01
(v) Monitoring agency fees	0.00	0.0	0.00
(vi) Printing and stationery expenses	44.98	3.0	0.03
(vii) Advertising and marketing expenses	30.00	2.0	0.02
(viii) Fees payable to legal counsels	51.33	3.4	0.03
(ix) Miscellaneous	20.00	1.3	0.01
Total estimated Offer expenses	**1,493.44**	**100.0%**	**1.00**

(1) Selling commission payable to the SCSBs, Syndicate Members (including their Sub-Syndicate Members), RTAs and CDPswhich are directly procured by them would be as follows:

Portion for Retail Individual Investors	*0.35% of the amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Investors	*0.15% of the amount Allotted* (plus applicable taxes)*
Portion for Employee Reservation	*0.35% of the amount Allotted* (plus applicable taxes)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

Selling commission payable to the Registered Brokers on the portion for Retail Individual Investors using the UPI Mechanism, Non-Institutional Investors and Employee Reservation, which are directly procured by the Registered Brokers and submitted to SCSB for processing, shall be ₹ 10 per valid Bid cum Application Form (plus applicable taxes).

Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

(2) Bidding charges of ₹ 10 (plus applicable taxes) shall be payable as per valid ASBA Form collected by the Syndicate, RTAs and CDPs (excluding applications made by Retail Individual Investors using the UPI Mechanism). The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges. No additional bidding charges shall be payable to SCSBs on the Bid cum Application Forms directly procured by them.

(3) Processing fees payable to the SCSBs for Bid cum Application Forms which are procured by the Members of the Syndicate / Registered Brokers / RTAs / CDPs and submitted to the SCSB for blocking shall be ₹ 10 per valid Bid cum Application Form (plus applicable taxes).

Processing fees for applications made by Retail Individual Investors using the UPI Mechanism would be as follows:

Members of the Syndicate /RTAs / CDPs	*₹ 30 per valid Bid cum Application Form (plus applicable taxes)*
Sponsor Bank	*₹ 7 per valid Bid cum Application Form (plus applicable taxes)* *The Sponsor Bank shall be responsible for making payments to third parties such as the remitter bank, the NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws*

(4) Kitty: To incentivise the Syndicate Members (including their Sub-Syndicate Members), RTAs and CDPs, the following kitty is being proposed, which shall be over and above any brokerage, selling commission or processing fees payable to them:

Portion for Retail Individual Investors	*0.15% of the amount Allotted* (plus applicable taxes)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

In addition to the above, additional discretionary kitty of 0.10% of the amount Allotted (plus applicable taxes) for the Retail Individual Investors, will be payable, subject to the performance of Syndicate Members.

All costs, fees and expenses directly attributable to the Offer, including listing fees, will be borne our Bank.

Monitoring utilization of funds

In terms of the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for this Offer.

To the extent applicable, our Bank will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilised.

Pursuant to, and subject to, the SEBI Listing Regulations, our Bank shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds.

On an annual basis, our Bank shall prepare a statement of funds utilised for purposes other than those which will be stated in the Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Bank. Further, in accordance with the SEBI Listing Regulations, our Bank shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the Net Proceeds of the Offer from the object of the Offer as stated above; and (ii) details of category wise variations in the actual utilization of the proceeds of the Offer from the object of the Offer as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Directors' report, after placing the same before the Audit Committee.

Interim use of Net Proceeds

The Net Proceeds shall be retained in the Public Offer Account until receipt of the listing and trading approvals from the Stock Exchanges. Upon receipt of listing and trading approvals from the Stock Exchanges, the Net Proceeds will be applied as set out above.

Variation in object

In accordance with Sections 13(8) and 27 of the Companies Act, 2013 and the SEBI ICDR Regulations, our Bank shall not vary the object of the Offer unless our Bank is authorised to do so by way of a special resolution of its Shareholders. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act, 2013.

Other confirmations

No part of the Net Proceeds will be paid by our Bank as consideration to our Directors or Key Management Personnel, except in the normal course of business and in compliance with applicable law. Our Bank has not entered into, and is not planning to enter into any arrangement/agreements with the Group Companies, Directors and Key Management Personnel in relation to the utilization of the Net Proceeds. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the object of the Offer as set out above.

BASIS FOR OFFER PRICE

The Offer Price has been determined by our Bank, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹2 each and the Floor Price is 6 times the face value of the Equity Shares and the Cap Price is 6.5 the face value of the Equity Shares. Investors should also refer to the sections titled "*Our Business*", "*Risk Factors*" and "*Financial Statements*" on pages 178, 24 and 264, respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry:

- Simplified organisation structure backed by marquee institutions and experienced leadership;
- Differentiated technology platform leading to digital leadership;
- Well-established granular banking platform with a strong focus on retail and SME advances;
- Diverse and scalable revenue streams;
- Strong governance and underwriting framework;
- Knowledge-based approach to banking enabling cross-selling;
- Wide Pan India Presence; and
- Award-winning quality of service with customer centric approach.

For further details, see "*Our Business - Competitive Strengths*" and "*Risk Factors*" on pages 178 and 24, respectively.

Quantitative Factors

Some of the information presented below relating to our Bank is based on the Restated Consolidated Financial Statements prepared in accordance with Indian GAAP and the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations. For details, see "*Financial Statements*" on page 264.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

1. Basic and Diluted Earnings Per Share ("EPS")

Particulars	Basic EPS (₹)	Diluted EPS (₹)	Weight
Year ended March 31, 2020	(56.11)	(56.11)	3
Year ended March 31, 2019	7.40	7.33	2
Year ended March 31, 2018	18.46	18.09	1
Weighted average	(22.51)	(22.60)	

Note:

1. *The face value of each Equity Share is ₹2.*
2. *Weighted average means weighted average diluted and basic earnings per share ("EPS") as per Restated Financial Information based on weights assigned for the respective year ends.*
3. *EPS for the years ended March 31, 2020, March 31, 2019 and March 31, 2018 has been calculated in accordance with Accounting Standard 20 'Earnings per Share' issued by ICAI.*
4. *Basic EPS has been computed by dividing net profit / (loss) for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding for the year. Diluted EPS has been computed by dividing the net profit / (loss) for the year attributable to the equity shareholders by the weighted average number of equity shares and dilutive potential equity shares options outstanding during the year, except where the results are anti-dilutive. The difference between weighted average number of equity shares outstanding between basic and diluted is on account of outstanding ESOPs.*

2. Price/ Earning ("P/ E") ratio in relation to Price Band of ₹12 to ₹13 per Equity Share

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)

Based on Basic EPS for Financial Year 2020	NA	NA
Based on Diluted EPS for Financial Year 2020	NA	NA

NA – Not ascertainable. P/E ratio is not ascertainable since EPS for Financial Year 2020 is negative

(a) Industry P/ E ratio is given below:

Particulars	P/ E
Highest	15.44
Lowest	6.61
Average	**10.06**

Note: The industry high, low and average has been considered from the industry peer set provided later in this chapter. For further details, see "– Comparison of accounting ratios with listed industry peers" on page 124. P/E figures for the peers are computed based on closing market price as on July 17, 2020 at NSE, divided by diluted EPS (on consolidated basis) based on the annual reports of such companies for the Fiscal 2020.

3. Average Return on Net Worth ("RoNW")

Financial Year ended	RoNW (%)	Weight
March 31, 2020	(81.94)%	3
March 31, 2019	6.49%	2
March 31, 2018	17.72%	1
Weighted Average	(35.85)%	

Note:

1. *Weighted average means weighted average return on networth as per the Consolidated Restated Financial Information of the Group based on weights assigned for the respective year ends.*
2. *Networth as defined in RBI circular dated August 18, 2005, is the aggregate value of the paid – up share capital and all free reserves including share premium but excluding revaluation reserve, investment fluctuation reserve, credit balance in profit and loss account, after deducting the aggregate value of the debit balance in profit and loss account, accumulated losses, if any, and intangible asset.*
3. *Deferred tax asset have not been deducted in the above definition of networth.*
4. *RoNW is calculated as restated profit and loss for the year divided by average net worth.*

4. Net Asset Value ("NAV") per Equity Share

Particulars	(₹)
Financial Year 2020	17.29
NAV after the Offer	
- NAV at Floor Price	14.65
- NAV at Cap Price	15.23
Offer Price	12.00

Note:

1. *NAV = Net worth as at the end of the year/ number of equity shares outstanding at the end of the year. Networth as defined in RBI circular dated August 18, 2005, is the aggregate value of the paid – up share capital and all free reserves including share premium but excluding revaluation reserve, investment fluctuation reserve, credit balance in profit and loss account, after deducting the aggregate value of the debit balance in profit and loss account, accumulated losses, if any, and intangible asset.*
2. *Deferred tax asset have not been deducted in the above definition of networth.*
3. *NAV per equity share represents consolidated net worth at the end of each year, as restated, divided by the number of equity shares outstanding at the end of each year.*

5. Comparison of accounting ratios with listed industry peers

Name of the Bank	Face Value (₹)	Total Income (₹ million)	Basic EPS	Diluted EPS	P/E	RONW (%)	NAV (₹)
Yes Bank Limited*	2	380,081	(56.11)	(56.11)	NM	(81.94)%	17.29

Name of the Bank	Face Value (₹)	Total Income (₹ million)	Basic EPS	Diluted EPS	P/E	RONW (%)	NAV (₹)
Peer Group							
IndusInd Bank	10	357,355	64.33	64.10	8.12	13.92%	486.70
RBL Bank	10	106,967	11.04	10.98	15.44	5.75%	207.67
IDFC First	10	179,627	(5.94)	(5.86)	NM**	NM**	32.02
Federal Bank	2	154,722	7.94	7.88	6.61	11.16%	74.36

**All data as per Restated Financial Statement for the year ended March 31, 2020*
***Not meaningful*
Notes for peer set:

1. *Share price as per NSE, closing prices as of July 17, 2020*
2. *All financial statement related values are for fiscal year 2020 and on consolidated basis*
3. *Net Worth calculated as sum of 'Equity Capital' and 'Reserves and Surplus'*
4. *NAV denotes net worth (as defined above) on a per share basis*
5. *Number of shares (for NAV) as per NSE as on March 31 of the fiscal year*
6. *Basic EPS is after extraordinary items, as per NSE*
7. *Diluted EPS is after extraordinary items, as per NSE*
8. *RONW calculated based on basic EPS and average book value per share of the fiscal year end and the immediately preceding fiscal year*
9. *P/E is calculated based on share price and diluted earnings per share after extraordinary items*

6. The Offer Price will be 6 times of the face value of the Equity Shares

The Offer Price of ₹ 12 has been determined by our Bank, in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with *"Our Business"*, "*Risk Factors*" and "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 177, 24, 264 and 423, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in "*Risk Factors*" beginning on page 24 and you may lose all or part of your investments.

STATEMENT OF SPECIAL TAX BENEFITS

The Board of Directors
YES Bank Limited
YES BANK Tower, IFC -2
15th Floor, Senapati Bapat Marg
Elphinstone (W), Mumbai 400 013
Maharashtra
INDIA

18 July 2020

Dear Sirs

Statement of possible special tax benefits available to YES Bank Limited ('the Bank') and its shareholders prepared in accordance with the requirement in Schedule VI – Clause 9 (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended, in connection with the further public offering of equity shares (the "Equity Shares") of the Bank (the "Proposed Offer")

1. This statement is issued in accordance with the terms of our engagement letter dated 11 June 2020.

2. We have been informed by management of the Bank that the Bank is in the process of filing a Prospectus in relation to the Proposed Offer under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, to the extent applicable, **(**the **"SEBI ICDR Regulations")** and relevant provisions of Part I of Chapter III of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

3. In connection with the Proposed Offer, management has requested us to submit a certificate enlisting the possible special tax benefits available to YES Bank Limited ('the Bank') and its shareholders prepared in accordance with the requirement in Schedule VI – Clause 9 (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended.

4. We hereby report that the enclosed Annexure prepared by YES Bank Limited (the "**Bank**"), states the possible special tax benefits available to the Bank and its shareholders under the Income tax Act, 1961, Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively referred as "Tax Laws"), presently in force in India.

5. Several of these benefits are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant statutory provisions of the Tax Laws. Hence, the ability of the Bank or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives the Bank faces in the future, the Bank or its shareholders may or may not choose to fulfil.

6. The benefits discussed in the enclosed Annexure only cover the possible special tax benefits available to the Bank and its shareholders, the benefits are not exhaustive and do not cover any general tax benefits available to the Bank and its shareholders. Further, the preparation of the Annexure and its contents is the responsibility of management of the Bank. We are informed that, this Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult with his or her own tax consultant with respect to the specific tax implications

arising out of their participation in the offering of equity shares by the Bank. Neither are we suggesting nor are we advising the investor to invest money based on this Annexure.

7. We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' ("**the Guidance Note**") issued by the Institute of Chartered Accountants of India ("**ICAI**"). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements.

9. We do not express any opinion or provide any assurance as to whether:

   i) the Bank or its shareholders will continue to obtain these benefits in the future; or

   ii) the conditions prescribed for availing of the benefits have been / would be met.

   The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Bank and on the basis of our understanding of the business activities and operations of the Bank.

10. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of the tax laws and their interpretation, which are subject to change from time to time. We do not assume responsibility to update this Annexure consequent to such changes. We shall not be liable to the Bank for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Annexure, except under applicable law

11. This Certificate is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this Certificate in the Prospectus and submission of this statement to the Securities and Exchange Board of India, the stock exchanges where the Equity Shares of the Bank are proposed to be listed, Registrar of Companies, Maharashtra situated in Mumbai in connection with the Proposed Offer, as the case may be.

Yours faithfully

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/ W-100022

Venkataramanan Vishwanath
Partner
Membership No: 113156
UDIN: 20113156AAAAEF9425

Mumbai
18 July 2020

ANNEXURE TO THE STATEMENT OF POSSIBLE INCOME-TAX BENEFITS AVAILABLE TO THE BANK AND ITS SHAREHOLDERS UNDER THE APPLICABLE INCOME-TAX LAW IN INDIA

TAX BENEFITS UNDER INCOME TAX Act, 1961

- This statement sets out below the possible special tax benefits available to the Bank and our equity shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Bank and our shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which are based on the business imperatives, the Bank or the shareholders may or may not choose to fulfill.

- This statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of Equity shares. This statement is only intended to provide general information to the investors and is neither exhaustive or comprehensive nor designed or intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

- In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident is resident for tax purposes.

Under the Income-tax Act, 1961 (‘the Act’)

1. <u>General tax benefits / consequences in case of the Bank as well its shareholders</u>

1.1. Section 10(34) of the Act – Income by way of dividends referred to in section 115-O

Up to FY 2019-20, the Bank was required to pay Dividend Distribution Tax (‘DDT’) at the rate of 15% (before levy of appropriate surcharge and education cess) upon distribution of dividend under section 115-O of the Act. Dividend as referred to in section 115-O of the Act (i.e. dividend on which dividend distribution tax is paid by the domestic company) was exempt from tax under section 10(34) of the Act. Such income was allowed to be reduced while computing book profits for the purpose of determination of liability under the minimum alternate tax (‘MAT’) provisions.

As per Finance Act, 2020, with effect from 1 April 2020, the dividends declared, distributed or paid by domestic companies to shareholders are not subjected to DDT. With effect from the same date, the exemption granted under Section 10(34) of the Act in relation to dividends on which DDT was paid by the domestic company has been deleted. Resultantly, the dividends are taxable in the hands of the recipient shareholders as per tax rates applicable to them. The recipients of dividend income are eligible to claim deduction of actual interest expense incurred towards earning of such dividend income subject to maximum limit of 20 per cent of such dividend income under section 57 of the Act.

For the purposes of computation of book profits under section 115JB of the Act, no deduction for dividend income is available with effect from 1 April 2020 while computing book profits.

A new section 80M has been inserted effective from AY 2021-22 which provides for set-off of dividend received by a domestic company from another domestic company while calculating its total income, to the extent of dividends further distributed by it.

With effect from 1 April 2020, the domestic companies declaring dividends to resident shareholders are obligated to withhold tax at the rate of 10 per cent (where the amount of dividend exceeds INR 5,000 for an individual shareholder) as per Section 194 of the Act.

For non-residents, the withholding tax rate applicable is 20 per cent under Section 195 / 196D read with Section 115A / 115AD of the Act.

In view of COVID-19, the Hon'ble Finance Minister of India, as part of economic stimulus package, reduced the rate of withholding tax under Section 194 of the Act to 7.5% on dividend paid or credited during the period from 14 May 2020 to 31 March 2021[1]

Section 94(7) of the Act provides that losses arising from the sale / transfer of shares purchased within a period of three months prior to the record date and sold / transferred within three months after such date, shall be disallowed to the extent of dividend income on such shares claimed as exempt from tax. As the dividends are taxable with effect from 1 April 2020, the section will not have any practical applicability from that date onwards.

1.2. Capital gains

- As per section 2(42A) of the Act, a security (other than a unit) listed in a recognised stock exchange in India is considered short term capital asset, if the period of holding of such security is twelve months or less.

  Similarly, shares of a company (other than those listed on a recognised stock exchange) are considered short term capital asset, if the period of holding of such shares, is twenty-four months or less.

  If the period of holding of the abovementioned security is more than 12 months or 24 months respectively then it is considered a long-term capital asset as per section 2(29A) of the Act.

- Section 48 of the Act prescribes the mode of computation of Capital Gains and provides for deduction of cost of acquisition/ improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains.

  In respect of long-term capital gains ('LTCG'), section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time.

- As per section 112A of the Act, LTCG arising on sale of specified securities (i.e. equity shares of a company, unit of an equity oriented mutual fund or a business trust) is taxable at

[1] Press release on Press Information Bureau, Government of India website dated 13 May 2020

the rate of 10% (plus applicable surcharge and cess) on such LTCG (exceeding Rs. 1 lakh) provided Securities Transaction Tax ('STT') is paid:

- at the time of acquisition and transfer of such equity share; and
- on transfer in case of unit of an equity oriented mutual fund or business trust.

No benefit of indexation and foreign currency fluctuation is available. No deduction under Chapter VI-A of the Act is available in relation to LTCG taxable under Section 112A of the Act.

For the purpose of computation of LTCG from transfer of the specified asset (i.e. equity shares of a company or unit of an equity oriented mutual fund or a business trust), where such specified asset is listed on a recognized exchange as on 31 January 2018, the cost of acquisition under Section 55(2)(ac) of the Act shall be deemed to be higher of: -

a. The actual cost of acquisition of such capital asset, and
b. The lower of:
   i. The fair market value ('FMV') of such capital asset as on 31 January 2018; and
   ii. The full value of consideration received or acquiring as a result of transfer of the capital assets.

Ascertaining FMV

Where the specified asset is listed on recognised stock exchange	Highest price quoted on 31 January 2018
Where the specified asset is listed on recognised stock exchange but not traded on 31 January 2018	Highest price of asset (when the said asset was traded) on date immediately prevailing before 31 January 2018

There are specific provisions for ascertaining cost of equity shares which are not listed on 31 January 2018 which have not been reproduced here.

- As per section 111A of the Act, short term capital gains ('STCG') from sale of an equity share, transacted through a recognized stock exchange, where such transaction is chargeable to STT, is taxable at a concessional rate of 15% (plus applicable surcharge and cess).

- Where LTCG arising from transfer of listed shares is not covered by Section 112A of the Act, the said LTCG is taxable at the rate of 20% with indexation (inflation adjustment) or at 10% without indexation, whichever is more beneficial.

- STCG arising in case of transfer of shares which are not chargeable to STT is taxable at 22% (this lower rate is optional and subject to fulfilment of certain conditions) mentioned under Section 115BAA. the following rates (plus applicable surcharge and cess):

- As per the Section 115JB, the MAT rate is 15% (plus applicable surcharge and cess) and the same is not applicable to domestic companies who have opted for lower tax rate under Section 115BAA and 115BAB of the Act.

- As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

  As per section 70 read with section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

  The CBDT has also clarified[2] that long-term capital loss arising from transfer made on or after 1 April 2018 will be allowed to be set-off against any other long-term capital gains and unabsorbed long-term capital loss can be carried forward to subsequent eight years for set-off against long-term capital gains.

  As per Section 71 of the Act, short term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads.

- An exemption may be claimed, as eligible by the assessee, from taxation of LTCG if investments in certain specified securities / assets is made subject to fulfillment of certain conditions.

- Where the gains arising on the transfer of shares are included in the business income of an assessee assessable under the head "Profits and Gains from Business or Profession" and on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

  The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

1.3. Other provisions

- As per section 115JB of the Act, while computing book profit, MAT provisions under Section 115JB of the Act are not applicable to a foreign company if

  a. such company is a resident of a country or a specified territory with which India has an DTAA and such company does not have a permanent establishment in India in accordance with the provisions of such DTAA; or

  b. Such company is a resident of a country with which India does not have a DTAA and such company is not required to seek registration in India under any law for the time being in force, relating to companies.

[2] F. No. 370149/20/2018-TPL dated 4 February 2018

- In respect of foreign companies which are subject to MAT provisions as per point (a) above, following specified incomes will not be subject to MAT under section 115JB of the Act:

    a. Capital gains (whether long term or short term) arising on transactions in securities;

    b. Interest, royalty or fees for technical services chargeable to tax

    if such income is credited to profit and loss account and the income-tax payable thereon under the normal provisions of the Act is less than the MAT rate of 15%.

- STT is a tax payable on the value of specified securities (such as shares, equity oriented mutual funds, etc.) transacted on a recognised stock exchange.

- Receipt of property (which inter alia includes shares and securities) without adequate consideration is taxable as income from other sources in the hands of recipient in certain circumstances.

- Inventory / stock-in-trade converted into a capital asset to be taxed as business income basis the FMV to be determined in the manner prescribed prevailing on the date of conversation. In this case, the period of holding for the purposes of classification into a short-term or long-term capital asset to be calculated from the date of conversion.

2. Benefits/consequences in case of Bank

2.1. Under section 36(1)(vii) of the Act, the amount of any bad debts, or part thereof, written off as irrecoverable in the accounts of the Bank for the previous year are allowable as deduction. The deduction is limited to the amount by which such debt or part thereof exceeds the credit balance in the provision for bad and doubtful debts account including provisions made towards rural advances made under section 36(1)(viia) of the Act.

Where a deduction has been allowed in respect of a bad debt or part thereof under the provisions of section 36(1)(vii), then, if any amount is subsequently recovered, the said amount is deemed to be profits and gains of business or profession and is taxable accordingly to the extent it exceeds the deduction earlier allowed.

2.2. Under section 36(1)(viia) of the Act, in respect of any provision made for bad and doubtful debts, the Bank is entitled to a deduction not exceeding:

a. 8.5% of the total income (computed before making any deductions under this provision and Chapter VIA) and

b. 10% of the aggregate average advances made by the rural branches of the Bank computed in the manner prescribed in the Rule 6ABA.

Also the Bank has an option to claim a further deduction in excess of the limits specified above, for an amount not exceeding the income derived from redemption of securities in accordance with a scheme framed by the Central Government provided such income has been disclosed in its return of income under the head "Profits and gains of business or profession".

2.3 As per Section 80JJAA, from the gross total income of an assessee to whom section 44AB applies, a deduction is permissible (subject to conditions specified) of an amount equal to thirty per cent of emoluments paid to new regular workmen employed by the assessee in such business, in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

3. Benefits / consequences in the case of shareholders of the Bank

A. For resident shareholders:

3.1. In case of an individual or Hindu Undivided Family (HUF), where the total taxable income as reduced by long-term capital gains on transfer of the shares of the Bank is below the maximum amount which is not chargeable to income-tax, then such LTCG will be reduced to the extent of the shortfall and only the balance LTCG will be subjected to such tax in accordance with the proviso to sub-section (1) of section 112 and proviso to sub-section (2) of section 112A of the Act.

3.2. STCG arising on transfer of the shares of the Bank will be chargeable to tax at the rate of 15% (plus applicable surcharge and cess) as per the provisions of section 111A of the Act if such transaction is chargeable to STT. In case of an individual or HUF, where the total taxable income as reduced by STCG is below the maximum amount which is not chargeable to income-tax, then such STCG will be reduced to the extent of the shortfall and only the balance STCG will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

3.3. In case of transfer of shares where capital gains are not covered under section 112A, LTCG is taxable at the rate of 20% with indexation (inflation adjustment) or 10% without indexation whichever is more beneficial.

3.4. STCG arising in case of transfer of shares which are not chargeable to STT is taxable at the following rates (plus applicable surcharge and cess):

Class of person	Tax rates
Individuals, HUF, Association of persons, Body of Individual or any other artificial juridical person, Co-operative Society	Progressive slab rates as per the relevant Finance Act or 22% (optional and subject to fulfilment of certain conditions) provided under Section 115BAD in case of co-operative society
Local Authority	30%
Partnership firm (including Limited Liability Partnership)	30%
Domestic companies	30% (any other company not falling in any of the below categories)
	25% for AY 2020-21 (if total turnover or gross receipts of the financial year 2018-19 does not exceed Rs. 400 crores)
	25% (applicable for domestic manufacturing Companies subject

	to fulfilment of certain conditions) as per Section 115BA
	22% (optional and subject to fulfilment of certain conditions provided under Section 115BAA
	15% [optional for companies engaged in manufacturing business (set-up & registered on or after 1 October 2019) subject to fulfillment of conditions provided under Section 115BAB

3.5. No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act.

B. For non-resident shareholders [other than Foreign Portfolio Investors (FPIs)]

3.6. The non-residents shareholders have the option to be governed by the provisions of the Act or DTAA whichever are more beneficial subject to fulfilment of conditions prescribed therein. The above option shall be available to non-residents shareholders subject to provisions of the GAAR (refer para 4 for detailed discussion).

3.7. The LTCG arising on transfer of listed shares would be governed by the concessional tax treatment given under the provisions of section 112A of the Act as discussed above. The STCG arising on transfer of listed shares would be governed by the concessional tax treatment given under the provisions of section 111A of the Act as discussed above.

3.8. In case of transfer of shares where capital gains are not covered under section 112A, LTCG on transfer of shares of the Bank is taxable at the rate of 20% / 10% (plus applicable surcharge and cess) under Section 112(1)(c) subject to certain conditions.

STCG arising in case of transfer of shares which are not chargeable to STT is taxable at the following rates (plus applicable surcharge and cess):

Class of persons	Rates
Non-resident individuals, HUF, Association of persons, Body of Individual, Co-operative society or any other artificial juridical person	Progressive slab rates as per the relevant Finance Act
Other non-corporate taxpayers (Local Authority, Partnership firm including Limited Liability Partnership)	30%
Foreign companies	40%

3.9. In respect of a non-resident shareholder, as per the first proviso to section 48 of the Act, the capital gains arising from the transfer of listed equity shares of an Indian Company, should be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains so computed should be reconverted into

Indian currency.

Further, the benefit of indexation as provided in second proviso to Section 48 is not available to non-resident shareholders. Also, where the non-resident is liable to pay tax under section 112A of the Act, the benefit of first proviso to section 48 (i.e. foreign currency fluctuation) is not available.

3.10. Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the Act which inter alia entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

a. Under section 115E of the Act, NRIs are taxed at 10% (plus applicable surcharge and cess) on LTCG arising on sale of shares of the Bank which are acquired in convertible foreign exchange. The benefit of indexation of cost is not available.

b. Under section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Bank acquired out of convertible foreign exchange above is exempt from capital gains tax if the net consideration is invested within 6 months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Act. In case the whole of the net consideration is not so invested, the exemption is proportionate. The amount so exempted is chargeable to tax subsequently under the head Capital Gains if the specified assets are transferred or converted into money within three years from the date of their acquisition.

c. In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided adequate tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

d. In accordance with the provisions of section 115H of the Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets (which do not include shares in an Indian company) for that year and subsequent assessment years until such assets are transferred or converted into money.

e. As per the provisions of section 115I of the Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Act.

C. For shareholders who are Foreign Portfolio Investors (FPIs):

3.11. The non-residents shareholders have the option to be governed by the provisions of the Act or DTAA whichever are more beneficial subject to fulfilment of conditions prescribed therein. The above option shall be available to non-residents shareholders subject to provisions of the GAAR (refer para 4 for detailed discussion).

3.12. Gains arising on transfer of any shares/ securities being invested in accordance with the Foreign Portfolio Investors' regulations made under the Securities and Exchange Board of India Act, 1992 shall be deemed to be treated as Capital Gains.

3.13. As per section 115AD of the Income-tax Act, 1961 ('Act'), dividend income is taxable at the rate of 20 per cent and the taxes are required to be withheld at the rate of 20 per cent under section 196D of the Act.

3.14. Under section 115AD(1)(b)(iii) of the Act, income by way of long-term capital gains arising from the transfer of shares held in the Bank to the extent it exceeds INR 1 lac is chargeable to tax at the rate of 10% (plus applicable surcharge and cess). The benefit of cost step-up provided in Section 112A of the Act is available to FPIs as well.

The benefit of indexation of cost and of foreign currency fluctuations are not available to FPIs.

3.15. Short-term capital gains arising on transfer of listed shares of the Bank are chargeable to tax at the rate of 15% (plus applicable surcharge and cess) if such transaction is chargeable to STT [Section 111A].

3.16. Under section 115AD(1)(b)(ii) of the Act, income by way of short- term capital gains arising from the transfer of shares held in the Bank not covered under section 111A of the Act (i.e. not eligible for 15% tax rate) is chargeable to tax at the rate of 30% (plus applicable surcharge and cess).

3.17. As per section 196D, no tax at source is required to be deducted from capital gains income arising to an FPI.

Common provisions in case of non-residents shareholders

3.18. Under the provisions of section 90(2) of the Act, tax treatment of income earned by a non-resident shareholder will be governed by the provisions of the DTAA between India and the country of residence of the non-resident shareholder and the provisions of the Act apply to the extent they are more beneficial to such non-resident.

The non-resident shareholder has to furnish a certificate (containing the prescribed particulars) of his being a resident of a country outside India, to get the benefit of the applicable DTAA and such other documents as may be prescribed under Section 90(4) of Act.

D. For shareholders who are Mutual Funds:

3.19. Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India is exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

3.20. As per section 196 of the Act, no tax at source is required to be deducted from any income payable to a Mutual Fund specified under section 10(23D) of the Act.

E. For shareholders who are Venture Capital Companies / Alternative Investment Funds:

3.21. Under section 10(23FBA) of the Act, any income of an Investment Fund, other than the income chargeable under the head "Profits and gains of business or profession" are exempt from income tax in the hands of Investment Fund.

For this purpose, an "Investment Fund" means a fund registered as Category I or Category II Alternative Investment Fund under the Securities and Exchange Board of India (Alternate Investment Fund) Regulations, 2012.

3.22. As per Section 115UB(1) of the Act, any income accruing/arising/received by a person from his investment in an Investment Fund is taxable in the hands of the person making the investment in the same manner as if the investments had been made by him directly.

3.23. As per Section 115UB(4) of the Act, the taxable income of an Investment Fund is charged at the rate or rates as specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm or at maximum marginal rate in any other case.

3.24. Further, as per Section 115UB(6) of the Act, the income accruing or arising to or received by the Investment Fund if not paid or credited to a person (who has made investments in an Investment Fund) is deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

3.25. Taxation of income of AIF Category III and its investors is governed by the normal provisions of the Act.

4. General Anti-Avoidance Rule ('GAAR')

GAAR is a set of anti-abuse provisions under the Act that give wide powers to the income-tax authorities to deny tax benefits that arise in an impermissible avoidance arrangement. An arrangement can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the below mentioned elements:

- The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's-length;
- It results in directly / indirectly misuse or abuse of the Act;
- It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- It is entered into or carried out in a manner, which is not normally employed for bona fide purposes.

The said provisions are applicable from 1 April 2017.

5. Tax deduction at source

No income tax is deductible at source from income by way of capital gains arising to a resident shareholder under the present provisions of the Act. As per the provisions of Section 195 of the Act, any income by way of capital gains payable to non-residents (other than FPIs) is subject to withholding of tax at the rate under the domestic tax laws or under the DTAA, whichever is beneficial to the assessee, unless a nil / lower withholding tax certificate is obtained from the tax authorities. The non -resident investor will have to furnish a certificate of his being a tax resident in a country outside India, such other particulars as may be prescribed as per the provision of section 90(4) of Act and a declaration for not having a fixed base / permanent establishment in India to enable the remitter of income apply the benefits provided under the relevant tax treaty at the time of tax withholding.

The withholding tax rates are subject to the recipients of income obtaining and furnishing a permanent account number (PAN) to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under section 206AA of the Act. The provision of section 206AA will not apply if the non-resident shareholder furnishes prescribed documents to the payer. Additionally, as per the provisions of section 196D of the Act, no tax is to be withheld in respect of capital gains income earned by an FPI.

Notes:

1 Summarized below are the provisions relevant for determination of residential status of a taxpayer:

a. As per the provisions of the Act, an individual is considered to be a resident in India during any financial year ('FY') if he or she is present in India for:

   i. a period or periods aggregating to 182 days or more in that FY; or
   ii. for a period or periods aggregating to 365 days or more within the four preceding FY's and a period or periods aggregating to 60 days or more in that FY

b. In case of an Indian citizen or a person of Indian origin living abroad who visits India and in the case of a citizen of India who leaves India for the purposes of employment outside India in any FY, the limit of 60 days under point (ii) above, shall be read as 182 days.

c. In case of an Indian citizen or a person of Indian origin having total income exceeding INR 15 lacs (other than income from foreign sources), the limit of 60 days under point (ii) above, shall be read as 120 days.

d. Notwithstanding the above, an Indian citizen or person of Indian origin having total income exceeding INR 15 lacs (other than income from foreign sources) shall be deemed to be a resident of India for that FY if he is not liable to tax in any other country / territory by reason of his domicile / residence or any other criteria of a similar nature.

e. A Company is resident in India if it is an Indian Company or its place of effective management, in that year, is in India.

f. A Hindu Undivided Family ('HUF'), Firm (including Limited Liability Partnership) or other Association of Persons ('AOP') is resident in India, except when the control and management of its affairs is situated wholly outside India during the relevant FY.

g. A person who is not a resident in India would be regarded as 'Non-Resident'. Subject to qualifying with certain prescribed conditions, individuals may be regarded as 'Resident but not ordinarily resident'.

2 Surcharge rates:

- As per the Act, surcharge is to be levied on individuals, HUF, AOP, body of individuals and artificial juridical person as follows:

Conditions	**Surcharge Rate**
where the total income exceeds Rs. 5 million but not exceeding Rs. 10 million (including income from dividend and capital gains under Section 112A and 111A)	10%
where the total income exceeds Rs. 10 million but not exceeding Rs. 20 million (including income from dividend and capital gains under Section 112A and 111A)	15%
where the total income exceeds Rs. 20 million but not exceeding Rs. 50 million (excluding income from dividend and capital gains under Section 112A and 111A)	25%
where the total income exceeds Rs. 50 million (excluding income from dividend and capital gains under Section 112A and 111A)	37%
where the total income exceeds Rs. 20 million (including income from dividend and capital gains under Section 112A and 111A)	15%

Note: The enhanced surcharge of 25% .and 37%, as the case may be, is not levied, on income chargeable to tax under sections 111A and 112A. Hence, the maximum rate of surcharge on tax payable on such income is 15%

- In case Co-operative society opting for concessional rate of 22%, surcharge would be levied at the rate of 10%. If not opted, then the tax rate would be 10% where the total income exceeds Rs. 10,000. Where the total income exceeds Rs. 20,000, tax rate shall be 20% and for the income exceeding Rs. 20,000, the tax rate shall be 30%. Additionally, surcharge shall be levied at the rate of 12% where the total income exceeds Rs. 10 million.

- In the case of firm and local authorities at the rate of 12% where the total income exceeds Rs. 10 million.

- In the case of domestic companies, surcharge is levied at the rate of 7% where the total income exceeds Rs. 10 million but does not exceed Rs. 100 million. Where the total income exceeds Rs. 100 million, surcharge is levied at the rate of 12%.

  The rate of surcharge in case of a company opting for lower rate of tax under Section 115BAA or Section 115BAB is10% irrespective of amount of total income.

- In the case of foreign companies, surcharge is levied at the rate of 2% where the total income exceeds Rs. 10 million but does not exceed Rs. 100 million. Where the total income exceeds Rs. 100 million then surcharge is levied at the rate of 5%.

3 Health and Education cess on the total amount of tax and surcharge at the rate of 4% is payable by all categories of taxpayers.

4 The above statement of possible special direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of

the purchase, ownership and disposal of shares

5 The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.

6 In respect of non-residents, the tax rates and the consequent taxation mentioned above is further subject to any benefits available under the applicable DTAA, if any, between India and the country in which the non-resident is a tax resident.

7 This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

8 No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

9 This statement of possible special direct tax benefits enumerated above is as per the Act as amended by the Finance Act, 2020. The above statement of possible special direct-tax benefits sets out the possible special tax benefits available to the Bank and its shareholders under the current tax laws presently in force in India. Several of these benefits available are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

10 This statement does not cover analysis of provisions of Chapter X-A of the Act dealing with General Anti-Avoidance Rules.

11 The above statement covers only certain relevant direct tax law benefits / consequences and does not cover any benefits under any other law.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE BANK AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA – OTHERS

Outlined below are the possible special tax benefits available to the Bank and its Shareholders under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2019, i.e., applicable for the Financial Year 2019-20, presently in force in India.

I. Possible Special tax benefits available to the Bank

No possible special tax benefits available to the Bank.

II. Possible Special tax benefits available to the Shareholders of the Bank

There are no possible special indirect tax benefits available to the shareholders of the Bank.

Notes:

1. This Annexure sets out the only the possible special tax benefits available to the Bank and its Shareholders under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2019, i.e., applicable for the Financial Year 2019-20, presently in force in India.
2. This Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Proposed IPO.
3. Our comments are based on our understanding of the specific activities carried out by the Bank from April 1, 2019 till the date of this Annexure as per the information provided to us. Any variation in the understanding could require our comments to be suitably modified.
4. We have been given to understand that during the period from April 1, 2019 to the date of this Annexure, the Bank has:
   (i) not availed any exemption or benefits or incentives under indirect tax laws;
   (ii) not exported any goods or services outside India;
   (iii) not imported any goods or services from outside India;
   (iv) not made any fresh investment in any State of the country and has not claimed any incentive under any State Incentive Policy.
5. This annexure covers only indirect tax laws benefits and does not cover any income tax law benefits or benefit under any other law.
6. These comments are based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
7. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to

changes from time to time. We do not assume responsibility to update the views consequent to such changes.

TAXATION

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Equity Shares by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Equity Shares that are U.S. Holders and that will hold the Equity Shares as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Equity Shares by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 5% or more of the stock of the Bank by vote or value, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax or the Medicare tax on net investment income, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Equity Shares as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Equity Shares in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Equity Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Equity Shares will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Equity Shares by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986 (the "Code"), as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and India (the "Treaty"), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING EQUITY SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Dividends

Subject to the passive foreign investment company ("PFIC") rules discussed below, distributions paid by the Bank out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will generally be taxable to a U.S. Holder as foreign source dividend income and will not be eligible for the dividends received deduction allowed to corporations. The amount of such dividend will include amounts, if any, withheld in respect of foreign taxes. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Equity Shares and thereafter as capital gain. However, the Bank does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by the Bank with respect to Equity Shares will be reported as ordinary dividend income. Dividends paid by the Bank may be taxable to a non-corporate U.S. Holder at the special reduced rate normally applicable to long term capital gain, provided the Bank qualifies for the benefits of the Treaty and certain other requirements are met. A U.S. Holder will not be able to claim the reduced rate on dividends received from the Bank if the Bank is treated as a PFIC in the taxable year in which the dividends are received or in the preceding taxable year. See sub-section titled "- Passive Foreign Investment Company Considerations". U.S. Holders should consult their own tax advisers with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Bank.

Dividends paid in Rupees will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received, regardless of whether the Rupees are converted into U.S. dollars at that time. If dividends received in Rupees are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

Dividends paid by the Bank will generally constitute foreign source income for foreign tax credit purposes. The rules regarding foreign tax credits are extremely complex. Prospective purchasers should consult their tax advisers as to the availability of and limitations on any foreign tax credit attributable to the payment of any Indian tax.

U.S. Holders should consult their own tax advisers with respect to the appropriate U.S. federal income tax treatment of any distribution received from the Bank.

Sale or Other Disposition

Subject to the PFIC rules discussed below, upon a sale or other disposition of Equity Shares, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's adjusted tax basis in the Equity Shares, in each case determined in U.S. dollars. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Equity Shares exceeds one year. Non-corporate U.S. Holders are subject to tax on long-term capital gain at reduced rates. The deductibility of capital loss is subject to limitations. U.S. Holders should consult their own tax advisers about how to account for proceeds received on the sale or other disposition of the Equity Shares that are not paid in U.S. dollars, including potential recognition of foreign currency gain or loss.

Any gain or loss realised on the sale of Equity Shares will generally be U.S. source. Prospective purchasers should consult their tax advisers as to the availability of and limitations on any foreign tax credit attributable to the payment of any Indian tax.

Passive Foreign Investment Company Considerations

A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either (i) at least 75% of its gross income is "passive income" or (ii) at least 50% of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. For these purposes, "passive income" generally includes interest, dividends and gains from non-dealer securities and transactions. However, under certain proposed U.S. treasury regulations, the gross income derived from the active conduct of certain banking activities is treated as non-passive income.

The Bank does not believe that it was a PFIC in its most recent taxable year and does not expect to be a PFIC for the current taxable year. This is based on the proposed U.S. treasury regulations described above, on estimates of the Bank's income and assets and expectations of active banking activity. However, because the proposed U.S. treasury regulations may not be finalised in their current form, the application of the proposed regulations to the Bank's circumstances is not entirely clear. The Bank's possible status as a PFIC must be determined annually and, as the composition of the Bank's income and assets will vary over time, there can be no assurance that the Bank will not be a PFIC for any year in which a U.S. Holder holds Equity Shares.

If the Bank is a PFIC in any year during which a U.S. Holder owns Equity Shares, the U.S. Holder will generally be subject to special rules (regardless of whether the Bank continues to be a PFIC) with respect to (i) any "excess distribution" (generally, any distribution during a taxable year in which distributions received by the U.S. Holder on the Equity Shares are greater than 125% of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the Equity Shares) and (ii) any gain realised on the sale or other disposition of Equity Shares. Under these rules (a) the excess distribution or gain will be allocated rateably over the U.S. Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which the Bank is a

PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year. Additionally, dividends paid by the Bank will not be eligible for the special reduced rate of tax described above under "Dividends-General".

U.S. Holders can avoid the interest charge by making a mark to market election with respect to the Equity Shares, provided that the Equity Shares are "marketable". Equity Shares will be marketable if they are regularly traded on certain U.S. stock exchanges, or on a foreign stock exchange if: (i) the foreign exchange is regulated or supervised by a governmental authority of the country in which the exchange is located; (ii) the foreign exchange has trading volume, listing, financial disclosure, surveillance and other requirements designed to prevent fraudulent and manipulative acts and practices, remove impediments to, and perfect the mechanism of, a free and open, fair and orderly, market, and to protect investors; (iii) the laws of the country in which the exchange is located and the rules of the exchange ensure that these requirements are actually enforced; and (iv) the rules of the exchange ensure active trading of listed stocks. For these purposes, the Equity Shares will be considered regularly traded during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Any trades that have as one of their principal purposes the meeting of this requirement will be disregarded.

A U.S. Holder that makes a mark to market election must include in ordinary income for each year an amount equal to the excess, if any, of the fair market value of the Equity Shares at the close of the taxable year over the U.S. Holder's adjusted basis in the Equity Shares. An electing holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder's adjusted basis in the Equity Shares over the fair market value of the Equity Shares at the close of the taxable year, but this deduction is allowable only to the extent of any net mark to market gains for prior years. Gains from an actual sale or other disposition of the Equity Shares will be treated as ordinary income, and any losses incurred on a sale or other disposition of the Equity Shares will be treated as an ordinary loss to the extent of any net mark to market gains for prior years. Once made, the election cannot be revoked without the consent of the IRS unless the Equity Shares cease to be marketable.

To mitigate the application of the PFIC rules discussed above, in some cases a U.S. Holder may make a qualified electing fund ("QEF") election to be taxed currently on its share of the PFIC's undistributed income. To make a QEF election, the Bank must provide U.S. Holders with certain information compiled according to U.S. federal income tax principles. The Bank currently does not intend to provide such information for U.S. Holders, and therefore it is expected that this election will be unavailable.

A U.S. Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which the Bank is classified as a PFIC may be required to file IRS Form 8621. Prospective purchasers should consult their tax advisers regarding the requirement to file IRS Form 8621 and the potential application of the PFIC regime.

Backup Withholding and Information Reporting

Payments of dividends and other proceeds with respect to Equity Shares by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of the Equity Shares, including requirements related to the holding of certain foreign financial assets.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the Code, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting or related requirements. The Bank is a foreign financial institution for these purposes. A number of jurisdictions (including India) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Equity Shares, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Equity Shares, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Equity Shares, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Equity Shares.

SECTION IV: ABOUT OUR BANK

INDUSTRY OVERVIEW

*The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries, the Reserve Bank of India ("**RBI**") and the Indian Banks' Association ("**IBA**"), and has not been prepared or independently verified by us, any of the Book Running Lead Managers or any of their affiliates or advisors. Wherever we have relied on figures published by the RBI, unless stated otherwise, we have relied on the RBI's Annual Reports, Bi-monthly Monetary Policy Statements of RBI, Reports on Trend and Progress of Banking in India, RBI Data on sectoral deployment of Bank credit, RBI's Quarterly Statistics on Deposits and Credit of scheduled commercial banks, RBI's Financial Stability Reports, and the accompanying Explanatory Notes. Industry sources and publications referred to by us state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. Statements in this section that are not statements of historical fact constitute "forward-looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties, and certain factors could cause actual results or outcomes to differ materially.*

Indian Economy

In recent years, India has been a popular destination for foreign direct investment ("**FDI**"), owing to its well-developed private corporate sector, large untapped consumer market potential, large, well-educated and English speaking skilled workforce, political stability and improved ease of doing business. Overall, India attracted FDI of approximately U.S$51.4 billion in the first nine months of fiscal year 2020 and U.S$62.0 billion in fiscal year 2019 as compared to an average of U.S$30.3 billion from fiscal year 2001 to fiscal year 2018. (*Source: DPIIT, Fact sheet on foreign direct investment*). One of the largest economies in the world, the Indian economy is estimated to attain a gross domestic product ("**GDP**") of ₹203.40 trillion, for fiscal year 2020 (at current prices) . It is one of major economies in the world, with an estimated GDP growth of 4.2% for fiscal year 2020, driven largely by private consumption. Fiscal year 2019 was characterized by moderate growth for the Indian economy amidst global trade uncertainties. GDP growth rate showed a marginal decline from 7.0% in fiscal year 2018 to 6.1% in fiscal year 2019, largely due to a decrease in government expenditure. Real GDP growth for fiscal year 2020 is estimated to have slowed to 4.2%, weighed in part by the impact of the COVID-19 pandemic as nationwide lockdown imposed by Central Government led to slowdown in economic activity across sectors. *(Sources: RBI, Monetary Policy Report, 2020 April*; *RBI, Annual Report 2018-19; Ministry Of Statistics And Programme Implementation, Press notes January 31 and May 29, 2020*)

India's retail inflation, measured by the consumer price index ("CPI"), rose in fiscal year 2020, averaging at 4.8% against an average of 3.4% for fiscal year 2019. In the fourth quarter of fiscal year 2020, it peaked to 7.6% in January 2020 and fell to 5.9% in March 2020, led by a decline in food inflation. (Source: Ministry of Finance, Monthly Economic Report, April 2020.) Considering the macroeconomic risks brought on by the COVID-19 pandemic on both demand and supply sides, the RBI's Monetary Policy Committee ("MPC") advanced its sixth bi-monthly meeting for fiscal year 2020, to announce on March 27, 2020, a cut in the policy repo rate by 75 basis points to 4.4% and several other measures. Simultaneously, the fixed rate reverse repo rate, which sets the floor of the liquidity adjustment facility ("LAF"), was reduced by 90 basis points to 4.0%, thus creating a wider policy corridor, that is, the difference between the reverse repo rate and the marginal standing facility ("MSF") rate. On April 17, 2020 the RBI cut the reverse repo rate by 25 basis points to further widen the policy corridor to 90 basis points. These policy corridor widening measures were with intent to make it relatively unattractive for banks to passively deposit funds with the RBI and motivate banks use these funds for lending to other sectors of the economy. (Source: RBI, Monetary Policy Report, *April 2020).* On May 22, 2020, the MPC, once again advanced its scheduled first bi-monthly meeting for fiscal year 2021, to announce a repo rate cut of 40 bps and other measures to revive growth and mitigate the impact of COVID-19. In its meeting, the MPC was of the view that headline inflation may remain firm in the first half of fiscal year 2021 but ease in the second half, falling below the target (of 4%, +/- 2%), by the third and fourth quarters of the fiscal year.

Global Economy

Trade policy uncertainty, geopolitical tensions, and idiosyncratic stress in key emerging market economies continued to weigh on global economic activity—especially manufacturing and trade—in the second half of 2019. Despite these headwinds, some indications emerged toward year-end that global growth may be bottoming out. Moreover, monetary policy easing continued into the second half of 2019 in several economies. Since early 2020 however, the COVID-19 pandemic has been inflicting high and rising human costs worldwide, with a severe impact on economic activity. There is extreme uncertainty around the global growth forecast; consequently, global growth is projected to contract, from having grown at an estimated 2.9% in 2019 to -4.9% in 2020. In 2021 however, economic growth is expected to recover strongly to 5.4%. Recent significant actions of large central banks with monetary stimulus and liquidity facilities to reduce systemic stress have supported confidence and limited amplification of the shock, ensuring that the economy is better placed to recover. Broad-based fiscal stimulus can pre-empt a steeper decline in confidence, lift aggregate demand, and avert an even deeper downturn. *(Source: IMF, World Economic Outlook, January, June 2020)*

Indian Banking Industry

The RBI, the central banking and monetary authority of India, is the central regulatory and supervisory authority for Indian banks and non-banking finance companies. The budget of the Government presented on July 5, 2019 provided RBI with the authority to regulate housing finance companies. A variety of financial intermediaries in the public and private sectors participate in India's financial sector, including the following:

- commercial banks;
- small finance banks and payment banks;
- long-term lending institutions;
- non-banking financial companies, including housing finance companies;
- other specialized financial institutions and state-level financial institutions;
- insurance companies; and
- mutual funds.

Until the 1980s, the Indian financial system was strictly controlled. Interest rates were administered by the Government. Formal and informal parameters governed asset allocation and strict controls limited entry into and expansion within the financial sector. Bank profitability was low, NPAs were comparatively high, capital adequacy was diminished and operational flexibility was hindered. The Government's economic reform program, which began in 1991, encompassed the financial sector. The first phase of the reform process began with implementation of the recommendations of the Committee on the Financial System, known as the Narasimham Committee I. Following that, reports were submitted in 1997 and 1998 by other committees, such as the second Committee on Banking Sector Reform, known as the Narasimham Committee II, and the Tarapore Committee on Capital Account Convertibility. This, in turn, led to the second phase of reforms relating to capital adequacy requirements, asset classification and provisioning, risk management and merger policies. The deregulation of interest rates, the emergence of a liberalized domestic capital market, and the entry of new private sector banks have progressively intensified the competition among banks.

Banks in India may be categorized as scheduled banks and non-scheduled banks, where the former are banks that are included in the second schedule to the RBI Act 1934, as amended. These banks comprise scheduled commercial banks and scheduled cooperative banks. Scheduled commercial banks ("**SCBs**") may further be classified as, chiefly, public sector banks, private sector banks, foreign banks, small finance banks and regional rural banks. The focus of commercial banks in India has traditionally been on meeting the short-term financing needs of industry, trade, and agriculture sectors. In recent years, they have also focused on increasing long-term financing to sectors like infrastructure.

Constituents of the Indian Banking Industry

The Reserve Bank of India ("RBI")

The RBI is the central regulatory and supervisory authority for the Indian banking sector. Besides regulating and supervising the banking system, the RBI performs the following important functions:

- acts as the central bank and the monetary authority;
- issues currency;
- manages debt for central government and certain state governments that have entered into agreements with it;
- regulates and supervises NBFCs;
- manages the country's foreign exchange reserves;
- manages the capital account of the balance of payments;
- regulates and supervises payment settlement systems;
- operates a grievance redressal scheme for bank customers through the Banking Ombudsmen and formulates policies for fair treatment of banking customers; and
- develops initiatives such as financial inclusion and strengthening of the credit delivery mechanisms to priority sectors and weaker sections, including agricultural entities, small and micro-enterprises, and for affordable housing and education.

The RBI issues guidelines on various issues relating to the financial reporting of entities under its supervision. These guidelines regulate exposure standards, income recognition practices, asset classification, provisioning for non-performing and restructured assets, investment valuation, and capital adequacy. All the institutions under the purview of the RBI are required to furnish information relating to their businesses on a regular basis.

Public Sector Banks

Public sector banks ("**PSBs**") are scheduled commercial banks with a significant government shareholding and constitute the largest category in the Indian banking system. These include the 12 nationalised banks, as of April 2020, taking into account the amalgamation of certain PSBs in March 2020 *(Source: RBI, List of SCBs, April 13, 2020)* and Regional Rural Banks.

In March 2017, the Government approved the acquisition and merger of Bharatiya Mahila Bank Limited by the State Bank of India, effective from April 2017. In September 2018, the Government also announced the merger of public sector banks, Dena Bank and Vijaya Bank with Bank of Baroda. Further in August 2019, the Government announced the mergers of 10 public sector banks:

- Oriental Bank of Commerce and United Bank of India with Punjab National Bank
- Andhra Bank and Corporation Bank with Union Bank of India
- Syndicate Bank with Canara Bank
- Allahabad Bank with Indian Bank

As of March 2020, PSBs accounted for 57.5% of the total credit and 62.3% of the total deposits of all SCBs. *(Source: RBI, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks.)*

Regional rural banks ("**RRB**s") were established from 1976 to 1987 by central government, state governments and sponsoring commercial banks jointly, with a view to developing the rural economy. Regional rural banks provide credit to small farmers, artisans, small entrepreneurs, and agricultural labourers. The NABARD is responsible for regulating and supervising the functions of the RRBs.

Private Sector Banks

After bank nationalization, which commenced in 1969 and was completed in 1980, the majority of Indian banks were public sector banks. Some of the existing private sector banks ("**PVBs**"), which showed signs of an eventual default, were merged with state-owned banks. In July 1993, as part of the banking reform process and as a measure to encourage competition in the banking sector, the RBI permitted entry by the private sector into the banking system. This resulted in the emergence of PVBs, collectively known as the "New Private Sector Banks".

Following the budget announcement that year, the New Banks Licensing Guidelines were issued by the RBI on February 22, 2013. On April 2, 2014, the RBI granted "in-principle" approval to two applicants, IDFC Bank and Bandhan Bank, to set up universal banks under the New Banks Licensing Guidelines, and, pursuant to that, those two applicants have established banks. On May 5, 2016, the RBI released draft guidelines for "on-tap" licensing of universal banks in the private sector. As these licenses are on-tap, there is no special window and applicants can apply at any time. While large industrial houses are barred, entities or groups in the private sector that are "owned and controlled by residents" (as defined in the FEMA Regulations, as amended from time to time) and have a successful track record for at least 10 years are allowed to be promoted to universal banks, provided that such entity/group has total assets of ₹50 billion or more and the non-financial business of the group does not account for 40% or more in terms of total assets or gross income.

The RBI also issued separate guidelines, both dated November 27, 2014, on licensing of "small finance banks" and "payments banks" in the private sector in the banking industry, including the eligibility criteria, scope, capital requirements, shareholding structure, prudential norms, and other corporate governance practices applicable to such proposed entities. Further, the RBI, by way of its circular dated December 5, 2019, issued the "Guidelines for 'on tap' Licensing of Small Finance Banks in the Private Sector" setting out, amongst other things, the revised registration and licensing requirements as well the eligibility criteria.

On August 19, 2015, the RBI had granted in-principle approvals to 11 applicants to set up payment banks. The total number of payments banks currently operational in India stands at 6. Similarly on September 16, 2015, RBI granted in-principle approvals to 10 applications to set up small finance banks. On January 6, 2020 the RBI granted "in-principle" approval to the Shivalik Mercantile Co-operative Bank for transition into a Small Finance Bank ("**SFB**"). As of April, 2020, there were a total of 22 private banks (including IDBI). *(Source: RBI, Report on Trend and Progress of Banking in India, 2018-19)*

As of March 2020, PVBs accounted for 34.5% of the total credit and 29.0% of the total deposits of all SCBs. In fiscal year 2020, PVBs' grew their total credit by 9.3% and total deposits by 10.4% *(Source: RBI, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks.)*

Foreign Banks

In 2009, as part of the liberalization process that accompanied the second phase of the reform process that began in 2005, the RBI began permitting foreign banks to operate more freely, subject to requirements largely similar to those imposed on domestic banks. The primary activity of most foreign banks in India has been in the corporate segment. However, some of the larger foreign banks have made retail banking a significant part of their portfolios. Most foreign banks operate in India through branches of the parent bank. Certain foreign banks also have wholly-owned non-banking financial company subsidiaries or joint ventures for both corporate and retail lending. In 2004, the RBI stipulated that banks, including foreign banks operating in India, should not acquire any new stakes in another bank's equity shares if, by such acquisition, the investing bank's holding would exceed 5.0% of the investee bank's equity capital. On February 28, 2005, the RBI issued a "Roadmap for Presence of Foreign Banks in India", announcing the following measures to be implemented in two phases:

- During the first phase (from March 2005 through to March 2009), foreign banks were allowed to establish a presence by setting up wholly-owned subsidiaries or by converting existing branches into wholly-owned subsidiaries.
- Also during the first phase, foreign banks were allowed to acquire a controlling stake in private sector banks identified by the RBI for restructuring. This was only to be done in a phased manner.
- For new and existing foreign banks, proposals were made to go beyond the existing World Trade Organization commitment of allowing increases of 12 branches per year. A more liberal policy will be followed for areas with a small number of banks.
- During the second phase (from April 2009 onwards) and after a review of the first phase, foreign banks were allowed to acquire up to 74.0% in private sector banks in India.

In April 2009, in light of deteriorating global financial markets, the RBI postponed the second phase until greater clarity emerged as to recovery and reform of the global regulatory and supervisory architecture. In January 2011, the RBI released a draft discussion paper on the model of presence of foreign banks in India. The paper indicated a preference for a wholly-owned subsidiary model of presence over a branch model. Other recommendations of the discussion paper included requiring systemically important foreign banks to convert their Indian operations into wholly-owned subsidiaries, a less restrictive branch expansion policy and the ability to raise Rupee debt through issuance of non-equity capital instruments for such converted subsidiaries, lower priority sector targets as compared to domestic banks, and unified regulation for both Indian and foreign banks with respect to investments in subsidiaries and associates.

In July 2012, the RBI revised priority sector lending norms and mandated foreign banks with 20 branches or more in India to meet priority lending norms as prescribed for domestic banks within the five-year period commencing on April 1, 2014. All other foreign banks will continue to be subject to the existing overall target of 32%.

In November 2013, the RBI issued a scheme for setting up wholly-owned subsidiaries by foreign banks in India. The scheme envisaged that foreign banks that commenced business in India after August 2010, or do so in the future, would be permitted to do so only through wholly-owned subsidiaries if certain specified criteria applied to them. These criteria include incorporation in a jurisdiction that gives legal preference to home country depositor claims in the case of winding-up proceedings, among others.

Further, a foreign bank that has set up operations in India through the branch model after August 2010 will be required to convert its operations into a subsidiary if it is considered to be systemically important. A bank would be considered to be systemically important if the assets on its Indian balance sheet (including credit equivalent of off balance sheet items) equals 0.25% of the total assets (inclusive of credit equivalents of off balance sheet items) for all scheduled commercial banks in India as of March 31 of the preceding year. Establishment of a subsidiary would require approval of the home country regulator or supervisor and the RBI, which would be subject to various factors, including economic and political relations with the country of incorporation of the parent bank and reciprocity with the home country of the parent bank. The regulatory framework for a subsidiary of a foreign bank would be substantially similar to that applicable to domestic banks, including with respect to priority sector lending and branch expansion. Wholly-owned subsidiaries of foreign banks may, after further review, be permitted to enter into merger and acquisition transactions with Indian private sector banks, subject to adherence to the foreign ownership limit of 74.00% that is currently applicable to Indian private sector banks.

As of April 2020, there were 44 foreign banks operating in India. As of March 2020, Foreign Banks, through their 307 reporting offices, accounted for approximately 4.8% of deposits and approximately 4.2% of aggregate advances of SCBs. (*Source: RBI, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks.)*

Cooperative Banks

Cooperative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban, semi-urban, and rural areas of India. The state land development banks and the primary land development banks provide long-term credit for agriculture. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004, which came into effect on September 24, 2004, specifies that all multi-state cooperative banks are under the supervision and regulation of the RBI. Accordingly, the RBI is currently responsible for the supervision and regulation of urban cooperative societies, state cooperative banks, and district central cooperative banks. The wide network of cooperative banks, both rural and urban, supplements the commercial banking network for deepening financial intermediation by bringing a large number of depositors/borrowers under the formal banking network.

According to the RBI's 'Trends and Progress in Banking' report for fiscal year 2019, there were 1,544 urban co-operative banks (as of March 2019) and 96,248 rural co-operative banks (as of March 2018), amounting to 97, 792 co-operative banks.

Key Banking Industry Trends in India

Retail Banking

The retail credit market in India has undergone a significant transformation over the last decade and has experienced rapid growth due to consumer credit becoming cheaper and more widely available, and a more acceptable avenue of funding for consumers. The market has changed dramatically owing to the following factors:

- increased focus by banks and financial institutions on consumer credit, resulting in a market shift towards regulated players from unregulated money lenders or financiers;
- increasing desire by consumers to acquire assets such as cars, goods, and houses on credit;
- fast emerging middle class and growing number of households in a bank's target segment;
- improved terms of credit;

- legislative changes that offer greater protection to lenders against fraud and potential default, increasing the incentive to lend; and
- growing number of households in a bank's target segment

In fiscal year 2020, 56.6% of growth in bank credit was on account of retail banking (personal loans, including priority sector housing), driven largely by the housing sector credit growth of 15.4% year-on-year ("**y-o-y**"). During the same period, credit for vehicle loans grew by 9.1% while credit for education contracted by 3.3%.

In fiscal year 2019, 33.1% of growth in bank credit was on account of retail banking (personal loans, including priority sector housing), driven largely by the housing sector credit growth of 19.0% y-o-y. During the same period, credit for vehicle loans grew by 6.5% while credit for education contracted by 2.5%. (*Source: RBI, Data on Sectoral Deployment of Bank Credit.*)

Commercial Banking Trends

Credit

In fiscal year 2020, overall commercial banking credit growth was weighed by slowing growth across sectors, with services leading the growth at 7.4% y-o-y, followed by agriculture and allied activities at 4.2% and industry at just 0.7%. Growth in credit for services was driven largely by credit to NBFCs, growing at 25.9% y-o-y followed by credit for trade at 4.6%. Within the industry sector, y-o-y credit growth for micro & small and large industries was 1.7% and 0.6% respectively. However, credit for medium industries contracted marginally by 0.7% y-o-y. Bank credit to industry witnessed muted growth in fiscal year 2020, mainly due to contraction in credit to metal, gems and jewellery, engineering, textile, food processing and infrastructure sub-sectors. (*Source: RBI, Data on Sectoral Deployment of Bank Credit*)

In fiscal year 2020, SCBs' total credit growth moderated to 6.4%, driven largely by PVBs at 9.3% and PSBs at 4.2%

Fiscal year 2019 witnessed greater overall commercial banking credit flow, led by services at 17.8% y-o-y, followed by agriculture and allied activities at 7.9% and then industry at 6.9%. Growth in credit for services was driven largely by credit to NBFCs, growing at 29.2% y-o-y followed by credit for trade at 13.1%. Credit growth for industry sector was 6.9% y-o-y, led by credit for large industry growing at 8.2%, followed by medium at 2.6% and then micro & small at 0.7%. (*Source: RBI, Data on Sectoral Deployment of Bank Credit*)

Deposits

As of March 31, 2020 the credit-deposit ratio for all scheduled commercial banks in total was 76.0% as compared to 78.2% as on March 31, 2019. In fiscal year 2020, aggregate deposits of SCBs increased by 9.5%. Deposit growth in both public and private sector banks exceeded their credit growth; although for fiscal year 2020, deposit growth for public sector banks was marginally slower at 8.2% as against 10.4% for private sector banks.

In fiscal year 2019, SCBs' total deposits increased by 9.4% while total credit increased by 13.1%. (*Source: RBI, Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks*)

Inflation

Inflation, as measured by the CPI, rose in fiscal year 2020, averaging at 4.8% against an average of 3.4% for fiscal year 2019. In the first half of fiscal year 2020, CPI averaged ~3.3%, largely due to benign food inflation, still recovering from deflationary pressures from the latter half of the previous fiscal year. Subsequent recovery and further inflation in food prices, primarily due to unfavourable base effects and adverse supply shocks, drove the rise in CPI, averaging at 6.3% for the second half of fiscal year 2020. *(Source: RBI, Monetary Policy Reports, October 2019 and April 2020.)*

In the Governor's statement on May 22, 2020, the RBI noted that inflation outlook had become complicated by the release of partial information on the CPI by the National Statistical Office, obscuring a comprehensive assessment of the price situation. However, among the incomplete data, food inflation, having eased from its January 2020 peak for the second successive month in March, reversed and surged to 8.6% in April as supply disruptions exceeded demand compression, with prices of vegetables, pulses, edible oils, milk and cereals emerging as pressure points.

The RBI's MPC, in its meetings from May 20 to 22, 2020 assessed that while the inflation outlook was uncertain, supply shock to food prices in April may persist over succeeding months, depending upon the state of lockdown and the time taken to restore supply chains after relaxation. However, it also noted, as per the global demand-supply balance at the time, that international crude oil prices, metals and industrial raw material prices were likely to remain soft, helping ease input costs for domestic firms. Even as much was to depend on the shape of the recovery after the COVID-19 pandemic, the MPC was of the view that headline inflation may remain firm in the first half of fiscal year 2021 but would ease in the second half, aided also by favourable base effects. It also expected inflation to fall below target (of 4%, +/- 2%), by the third and fourth quarters of the fiscal year 2021, providing a directional forward guidance on inflation rather than in terms of levels. *(Source: RBI, Governor Statement, May 22, 2020)*

RBI's Monetary Policy

The monetary policies of the RBI play a major role in managing India's inflation. These policies are largely steered by the Monetary Policy Framework Agreement entered into on February 20, 2015 between the Government of India and the RBI. The key agenda for the RBI was to: (i) entrench a durable process to deflate consumer price index inflation; (ii) improve transmission of the policy rate to bank lending rates by ensuring appropriate liquidity management which is aligned with the monetary policy stance; and (iii) dampen the volatility of the weighted average call rate and other money market rates around the repo rate.

The RBI has constantly relied on adjustments of the repo rate to meet its policy agenda. Due to a steady fall in CPI inflation in the first half of fiscal year 2018, the RBI had cut the policy rate by 25 bps in August 2017. Subsequently in fiscal year 2019, to reduce the staggered impact of HRA raises by state governments and the rise in minimum support prices ("**MSP**") for food grain crops, the repo rate was first raised by 25 bps in June 2018, maintaining the neutral stance of the previous two bi-monthly reviews. Subsequently, in August 2018 the repo rate was further raised by 25 bps due to concerns over inflationary pressures emanating from volatile crude oil prices and input price pressures in the manufacturing sector. In the following months of fiscal year 2019, the RBI adopted a stance of calibrated tightening so as to tackle inflationary pressures from international crude oil prices as well as deflationary risks from falling food prices. In its sixth bi-monthly policy for fiscal year 2019 announced in February, the RBI cut the repo rate by 25 bps, reverting to a neutral stance as inflationary pressures eased resulting in a shift in RBI's focus towards likely headwinds for growth and improving uptake in credit (*Source: RBI, Annual Report 2018-19; Monetary Policy Reports - 2019 April and October.*).

The policy rate corridor was constant through the fiscal year 2019 by maintaining the marginal standing facility ("**MSF**") rate 25 bps above the reverse repo rate to ensure alignment of the weighted average call rate with the policy repo rate.

In the first bi-monthly monetary policy statement for fiscal year 2020 announced in April 2019, the RBI maintained the neutral stance but reduced the repo rate from 6.25% to 6.0%, on account of slowing global growth and benign domestic inflation. In the second meeting held in June 2019, the RBI maintained the stance but further cut the repo rate by 25 bps to 5.75%, based on signs of further weakening growth, widening output gap and lower-than-target inflation expectations. In the third meeting held in August 2019, the RBI change its stance to accommodative and cut the repo rate by 35 bps to 5.40% on signs of accentuation of the slowdown in domestic activity amidst deteriorating global growth and escalating trade tensions. In the fourth meeting for fiscal year 2020 held in October 2019, the RBI cut the repo rate by another 25 bps, aiming to use the monetary policy as a tool to address growth concerns along with a commitment to an accommodative stance as long as necessary to revive growth, while ensuring that inflation remained within the target. In the fifth and sixth meetings of the RBI's monetary policy committee, it chose to maintain status quo, deciding to continue with an accommodative stance as long as necessary to revive growth.

Towards the end of the fiscal year, in light of the COVID-19 outbreak, the RBI held off-cycle meetings of the MPC on March 24 to 27, announcing a series of measures, including a cut to the repo rate by 75 bps and widening of the policy rate corridor from 50 bps to 65 bps.

On April 17, 2020 the RBI cut the reverse repo rate to 3.75%, thereby further widening the policy rate corridor to 90 bps.

In another off-cycle series of meetings from May 20 to May 22, 2020, by advancing its first bi-monthly meeting for fiscal year 2021, the MPC announced a 40 basis point cut to the repo rate to 4.00%. Consequently, the reverse repo rate and MSF rate also were reduced to 3.35% and 4.25% respectively, maintaining the policy rate corridor at 90 bps

Asset Quality

SCBs' GNPA ratio remained unchanged at 9.3% between March 2019 and September 2019, though the level of GNPAs increased marginally by 0.2% during the same period. However, SCBs' net non-performing assets ("**NNPA**") ratio declined in September 2019, reflecting increased provisioning. The aggregate provision coverage ratio ("**PCR**") of all SCBs increased to 61.5% in September 2019 from 60.5% in March 2019. PCRs of both PSBs and PVBs increased in September 2019. Following the recapitalization of PSBs by the government, SCBs' capital to risk-weighted assets ratio ("**CRAR**") improved to 15.1% in September 2019 from 14.3% in March 2019.

While gross NPA was largely unchanged across all bank groups, as of September 2019, the gross and net NPA ratio for public sector banks stood higher at 12.7% and 5.1%, respectively. Private sector banks recorded lower gross and net NPA ratios as 3.9% and 1.6% in September 2019, respectively.

The share of large borrowers in SCBs' total loan portfolios and their share in GNPAs was at 51.8% and 79.3%, respectively, in September 2019; these were lower compared to 53% and 82.2%, respectively in March 2019.

Bank-wise distribution of asset quality showed that, while 24 banks had GNPA ratios under 5%, 4 banks had GNPA ratios higher than 20% in September 2019.

Amongst sectors, gross NPA ratio for Industries was 17.3% as of September 2019, followed by agriculture and allied activities at 10.1%, services at 6.3% and retail loans at 1.8%. For September 2019, slippage ratio (new accretion to gross NPA in a quarter in proportion to standard advances at the beginning) was led by agriculture at 5.05%, followed by industry at 3.79%, services at 4.12% and retail loans at 1.99%. Within the Industry sector, sub-sectors engineering, food processing, textiles and rubber and plastic had relatively higher slippage ratios. *(Source: RBI Financial Stability Report, December 2019)*

Income and Profitability

During the first half of fiscal year 2020, year-on-year growth in net interest income ("**NII**") slowed down to 13% in September 2019 as compared to 16.5% in March 2019, one possible reason being higher growth in deposits as compared to credit. However, due to higher growth in other operating income, particularly profits on securities trading in PSBs, SCBs were able to maintain better earnings growth (before provisions and taxes). PSBs' profitability ratios were muted because of weak credit growth, as well as slow resolution of NPAs. PVBs' profitability ratios also declined, whereas foreign banks showed better profitability.

Following the corporate tax rate cut in September 2019, a few banks decided to exercise the option of the lower tax rate available under Section 115BAA of the Income Tax Act, 1961. Hence, profit after tax ("**PAT**") across different banks is strictly not comparable for Q2:2019-20 and H1:2019-20 financial results. Concurrently, certain banks have re-measured their accumulated deferred tax assets as on March 31, 2019, based on the lower rate prescribed and the resultant impact has been taken through the profit and loss account ("**P&L**").

Comparing the performance in H1:2019-20 across various categories of SCBs using Profit before Tax ("**PBT**"), shows that RoA for PVBs has improved from 1.7% (1.2% based on PAT) as at end-September 2018 to 1.8% (1.0% based on PAT) as at end-September 2019 as opposed to a decrease in RoA based on PAT. For PSBs, RoA based on PBT improved from -1.0% (-0.7% based on PAT) as at end-September 2018 to 0% (-0.1% based on PAT) as at end-September 2019. *(Source: RBI, Financial Stability Report, December 2019)*

During fiscal year 2019, SCBs recorded a loss 27.9% lower than losses for fiscal year 2018 (*Source: RBI, Report on Trend and Progress of Banking in India, 2018-19*. Reduction in provisions and contingencies has largely contributed to this reduction in losses. While private sector banks and foreign banks both reported net profits, public sector banks incurred losses. Return on assets for the scheduled commercial banks improved but remained negative at -0.09% against -0.15% in fiscal year 2018 and return on equity for the scheduled commercial banks improved to -1.85% in fiscal year 2019 against -2.81% in fiscal year 2018. (*Source: Report on Trend and Progress of Banking in India 2018-19)*

The following table provides a summary of major indicators for the Indian banking sector as of the dates indicated *(Source: IBA, Key Business Statistics; does not include small finance banks)*

	Public Sector Banks		**Private Sector Banks**		**Foreign Banks**	
₹billion (unless otherwise specified)	**2019**	**Growth %/ Change**	**2019**	**Growth %/ Change**	**2019**	**Growth %/ Change**
Deposits	84,862	2.7%	37,700	15.6%	5,819	17.0%
Advances	59,263	4.0%	33,275	17.4%	3,967	12.8%
Investments	27,024	-3.2%	12,197	10.5%	3,834	22.4%
Credit deposit ratio	69.8%	+ 88 bps	88.3%	+ 135 bps	68.18%	- 257 bps
Net NPA to net Advances	4.8%	- 317 bps	2.0%	- 126 bps	0.52%	+ 12 bps
RoAA	-0.7%	+ 20 bps	0.6%	- 26 bps	1.5%	+ 15 bps

Digital Banking Growth

The table below sets forth the growth of the digital banking sector by total number of transactions, the amounts spent in such transactions, the number of credit cards and debit cards issued and outstanding and the number of point of sale terminals for the periods indicated. (*Source: RBI, Bankwise ATM/POS/Card Statistics, https://www.rbi.org.in/scripts/ATMView.aspx*)

	2019	**YoY Growth**	**2020**	**YoY Growth**
Outstanding credit cards (in millions)	47.09	25.6%	57.75	22.6%
Credit card transactions (in millions)	1,772.36	25.4%	2,198.18	24.0%

	2019	YoY Growth	2020	YoY Growth
Amount spent in credit card transactions (in ₹ trillion)	6.08	31.4%	7.37	21.2%
Outstanding debit cards (in millions)	905.81	5.2%	828.56	-8.5%
Debit card transactions (in millions)	14,273.89	19.5%	13,955.27	-2.2%
Amount spent in debit card transactions (in ₹t rillion)	39.04	16.2%	42.35	8.5%
POS deployed by banks as at year end in millions)	3.72	20.7%	5.14	38.1%

	20 20		2020 growth %		CAGR (2017 to 2020)	
Retail Payment Statistics on NPCI Operated Platforms	**Volume (mn)**	**Value (₹billion)**	**Volume**	**Value**	**Volume**	**Value**
NFS Interbank ATM cash withdrawal*	4,311.6	16,151.0	7.3%	6.8%	10.9%	10.0%
NACH – National Automated Clearing House	3,401.8	17,630.0	18.9%	31.7%	19.7%	34.4%
Processed volume of CTS cheque clearing	1,035.9	79,174.6	-6.9%	-2.9%	-4.6%	-0.2%
IMPS	2,579.2	23,375.4	47.1%	47.0%	59.8%	61.8%
AEPS (interbank) transactions over micro ATM (e.g. cash withdrawal/ cash deposit)	437.2	1,188.6	71.8%	75.2%	102.8%	110.1%
BBPS (Bill payment passing through BBPCU)	145.7	216.6	98.2%	138.1%	270.7%	344.2%
UPI - Unified Payments Interface	12,518.6	21,317.3	133.8%	143.1%	269.8%	340.6%
BHIM	201.0	752.9	7.6%	-5.5%	51.2%	58.4%
USSD 2.0	1.0	1.8	-32.9%	-33.2%	-32.3%	-29.4%
UPI excluding BHIM & USSD	12,316.6	20,562.7	138.5%	158.0%	286.4%	408.7%
NETC	582.6	112.9	129.3%	96.8%	114.6%	83.9%

** NFS Cash withdrawal amount does not include Card to Card Transfer*

Source: NPCI, Retail Payments Statistics on NPCI Platforms

Recent Structural Reforms

Amendments to the Banking Regulation Act

The Banking Regulation (Amendment) Act, 2017 had been promulgated by the President of India with a view to give extensive powers to RBI to issue directions to banks for resolution of stressed assets. The amendment introduced two new sections to the Banking Regulation Act, Section 35AA and Section 35AB which enables RBI to direct banks to commence the insolvency resolution process against the defaulting company under the IBC. The RBI has also been granted the discretion to set up one or more advisory/supervisory committees to advise banks on resolution of stressed assets.

The RBI constituted an internal advisory committee comprising its independent board members to advise on stressed accounts. On the recommendations of the committee, in June 2017, the RBI issued directions to banks to file for resolution under the IBC with the National Company Law Tribunal in respect of 12 large stressed accounts. With respect to other identified stressed accounts, the banks are required to finalize a resolution plan within 6 months. In cases where a viable resolution plan is not agreed upon within 6 months, banks are required to file for insolvency proceedings under the IBC. Further, in August 2017 the RBI identified an additional list of stressed accounts and directed banks to initiate an insolvency resolution process under the provisions of the IBC by December 31, 2017 if a resolution plan where the residual debt is rated investment grade by two external credit rating agencies is not implemented by December 13, 2017.

Legislative Framework for Recovery of Debts due to Banks

In Fiscal 2003, the Indian Parliament passed the SARFAESI Act. The SARFAESI Act provides that a secured creditor may, in respect of loans classified as non-performing in accordance with RBI guidelines, give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the secured creditor may take possession of the assets constituting the security for the loan and exercise management rights in relation thereto, including the right to sell or otherwise dispose of the assets. The SARFAESI Act also provides for the setting-up of asset reconstruction companies regulated by the RBI to acquire assets from banks and financial institutions. The RBI has issued guidelines for asset reconstruction companies in respect of their establishment, registration and licensing by the RBI, and operations. Asset Reconstruction Company (India) Limited, set up by the Industrial Development Bank of India, State Bank of India, and certain other banks and institutions, received registration from the RBI and commenced operation in August 2003. Foreign direct investment is now permitted in the equity capital of asset reconstruction companies and investment in security receipts issued by asset reconstruction companies by foreign institutional investors registered with SEBI is permitted, subject to certain conditions and restrictions.

Several petitions challenging the constitutional validity of the SARFAESI Act were filed before the Indian Supreme Court. The Supreme Court, in April 2004, upheld the constitutionality of the SARFAESI Act, other than the requirement originally included in the Act that the borrower deposit 75% of the dues with the debt recovery tribunal as a pre-condition for appeal by the borrower against the enforcement measures. In November 2004, the Government issued an ordinance amending the SARFAESI Act. The Indian Parliament has subsequently passed this ordinance as an Act. This Act, as amended, now provides that a borrower may make an objection or representation to a secured creditor after a notice is issued by the secured creditor to the borrower under the Act demanding payment of dues. The secured creditor must give reasons to the borrower for not accepting the objection or representation. The Act also introduces a deposit requirement for borrowers if they wish to appeal the decision of the debt recovery tribunal. Further, the Act permits a lender to take over the business of a borrower under the SARFAESI Act under certain circumstances (unlike the earlier provisions under which only assets could be taken over).

Earlier, following the recommendations of the Narasimham Committee, the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 was enacted. This legislation provides for the establishment of a tribunal for speedy resolution of litigation and recovery of debts owed to banks or financial institutions. The Act created tribunals before which banks or financial institutions can file a suit for recovery of the amounts due to them. While presenting its budget for Fiscal 2002, the Government announced measures to set up additional debt recovery tribunals and the eventual repeal of the Sick Industrial Companies (Special Provision) Act, 1985 ("**SICA**"). The Parliament enacted the Sick Industrial Companies (Special Provisions) Repeal Act, 2003 ("**Repeal Act**") to repeal SICA and to provide for the dissolution of the Board for Industrial and Financial Reconstruction and the Appellate Authority for Industrial and Financial Reconstruction. However, the Repeal Act came into force on December 1, 2016 post the notification of the IBC.

The Central Registry of Securitization Asset Reconstruction and Security Interest of India, a government company licensed under the Companies Act, has been incorporated to operate and maintain the "central registry" under the provisions of the SARFAESI Act. With the existence of a central registry, it would be very difficult for a borrower to raise loans twice against the same property, or to raise loans using forged documents, since the central registry holds details of all properties against which loans have been taken.

Prompt Corrective Action (PCA) Framework

The RBI released a revised PCA framework on April 13, 2017. The provisions of the revised PCA framework are effective from April 1, 2017 based on the financials of the banks for the year ended 31 March 2017. The framework would be reviewed after three years. Capital, asset quality and profitability continue to be the key areas for monitoring in the revised framework. Indicators to be tracked for capital, asset quality, and profitability would be CRAR/Common Equity Tier ("**CET**") I ratio, net NPAs ratio, and return on assets ("**ROA**"), respectively. Each of these parameters would have three thresholds with appropriate action for the level of breach. Leverage would be monitored additionally as part of the PCA framework.

Breach of any risk threshold (as detailed below) would result in invocation of PCA.

Parameter	**Indicator**	**Threshold 1**	**Threshold 2**	**Threshold 3**
Capital	CRAR-Minimum regulatory prescription for capital to risk assets ratio + applicable capital conservation buffer ("CCB")	up to 250 bps below indicator	more than 250 bps but not exceeding 400 bps below indicator	-
	Regulatory pre-specified trigger of Common Equity Tier 1 (CET1 min) + applicable CCB	up to 162.5 bps lower indicator	more than 162.50 bps below but not exceeding 312.50 bps below indicator	In excess of 312.50 bps below indicator
	Breach of either CRAR or CET 1 ratio to trigger PCA			
Asset quality	Net NPA	>= 6% but <9%	>= 9% but <12%	>=12%
Profitability	ROA	-ve for 2 yrs	-ve for 3 yrs	-ve for 4 yrs
Leverage	Tier 1 leverage ratio	<=4.0% but > = 3.5%(leverage is over 25 times the Tier 1 capital)	< 3.5% (leverage is over 28.6 times the Tier 1 capital)	

Breach of 'Risk Threshold 3' of CET 1 by a bank would identify a bank as a likely candidate for resolution through tools like amalgamation, reconstruction, and winding-up.

Actions by the RBI under the framework

Action steps	**Threshold 1**	**Threshold 2**	**Threshold 3**
Mandatory Actions	Restriction on dividend distribution/remittance of profits. Promoters/ owners/parent in the case of foreign banks to bring in capital	In addition to actions under threshold 1, restriction on branch expansion (domestic or overseas), higher provision requirement	In addition to actions under threshold 2, restriction on branch expansion. Restriction on management compensation/director fees, as applicable.
Discretionary Actions	These would include (a) supervisory monitoring meetings/audit, (b) strategy/governance related actions, (c) credit/market risk related action and (d)		

Action steps	Threshold 1	Threshold 2	Threshold 3
	profitability/operations related actions		

Large Exposures Framework

On December 1, 2016, RBI released guidelines on Large Exposures Framework to align the exposure norms for Indian banks with the Basel Committee on Banking Supervision standards. From April 1, 2019, exposure limits to single and group borrowers were 20% and 25% of Tier 1 Capital funds as against the current norm of 15% and 40% of the Total Capital funds Limits.

On June 3, 2019, RBI amended these guidelines. As per the framework, the sum of all exposure values of a bank to a counterparty or a group of connected counterparties was defined as a 'Large Exposure (LE)', if it was equal to or above 10% of the bank's eligible capital base (i.e., Tier 1 capital) and the bank was required to report their LE to the RBI. Further, exposure limits to single and group borrowers was to be 20% and 25% of Tier 1 Capital funds respectively. Exposure limits to single and group NBFCs was to be 15% and 25% of the bank's Tier 1 Capital funds respectively.

On September 12, 2019 the RBI, through a circular, increased the limit for a bank's exposure to a single NBFC (excluding gold loan companies) to 20% of the banks' available eligible capital base. Bank financings extended to NBFCs predominantly engaged in lending against gold remains governed by limits prescribed in the RBI notification on May 18, 2012. (RBI, DBOD.BP.BC.No. 106/21.04.172/2011-12)

Universal Banking Guidelines

Universal banking in an Indian context means the transformation of long-term lending institutions into banks. The RBI had issued guidelines for licensing of new banks in the private sector in February 2013. Recognizing the need for having an explicit policy on banking structure in India in line with the recommendations of the Narasimham Committee, Raghuram G. Rajan Committee, and other viewpoints, the RBI issued a policy discussion paper on Banking Structure in India – The Way Forward on August 27, 2013. On April 2, 2014, the RBI granted in-principle approval to two applicants, IDFC Bank and Bandhan Bank, to set up universal banks under the new banks licensing guidelines, and, pursuant to that, those two applicants have established banks.

The RBI has also issued guidelines dated November 27, 2014, on licensing of "small finance banks" and "payments banks" in the private sector in the banking industry, including the eligibility criteria, scope, capital requirements, shareholding structure, prudential norms, and other corporate governance practices applicable to such proposed entities. RBI granted in-principle approvals to 11 applicants to set up payment banks and 10 applicants to set up small finance banks. Subsequently, ten small finance banks licenses were granted in September 2016. The total number of payments banks currently operational in India stands at six (*Source: RBI – List of Banks permitted to provide Mobile Banking Service; Notification of liquidation*).On a thorough examination of the pros and cons, the discussion paper made a case for reviewing the current licensing policy, and considering a 'continuous authorisation' policy on the grounds that such a policy would increase the level of competition and bring new ideas in the system, RBI in August 2016 issued guidelines for 'on tap' Licensing of Universal Banks in the Private Sector. In accordance with these guidelines, resident individuals/professionals who are Indian resident and have 10 years of experience in banking and finance at a senior level and existing non-banking financial companies that are controlled by resident Indians and have a successful track record of at least 10 years may apply for the license. Further, entities/groups in the private sector that are owned and controlled by resident Indians are also eligible promoters, provided that they have a successful track record of at least 10 years and if such entity/group has total assets of ₹50 billion or more, the non-financial business of the group does not account for 40% or more in terms of total assets/gross income.

The Insolvency and Bankruptcy Code (Amendment) Act, 2018

The Insolvency and Bankruptcy Code (Amendment) Act 2018 bars wilful defaulters, defaulters whose dues have been classified as NPAs for more than one year, and all connected persons of these firms ("**connected persons**" means only persons who are connected with the business activity of the resolution applicant) from submitting resolution plans and purchasing the assets of corporate debtors in liquidation. There is an enabling provision to allow a cure for ineligibility conditions and meet corporate insolvency resolution process timeline. It also empowers the insolvency professional to lay down qualifying criteria for resolution applicants familiar with the complexity and scale of operations of the corporate debtor. However, the second amendment act under the IBC has provided relief to small and medium enterprises ("**MSMEs**") from this disqualification and the promoter of an MSME can submit a plan to revive the company.

The Insolvency and Bankruptcy Code (Amendment) Act, 2020

The Insolvency and Bankruptcy Code ("Amendment) Act, 2020 ("**Amendment**") received Presidential Assent on March 13, 2020 and was deemed effective from December 28, 2019. The Amendment, inter alia, prescribed minimum thresholds for filing of the application in certain specific cases and also introduced non-obstante explanation preventing suspension of permits, licenses and registration on the grounds of insolvency, save for any default in the payments relevant towards them.

The Amendment also clarified that the effect of the approval of a resolution plan by the Adjudicating Authority should result in extinguishment of all liabilities of the corporate debtor prior to insolvency date and no action against the property of the corporate debtor for offences prior to insolvency date.

However, this immunity is only available wherein a resolution plan specifically provides for a change in the management control of the debtor to a person who was not a promoter managing or controlling the corporate debtor / any related party or a person against whom a complaint was made in relation to such offence.

Recent Policy Measures undertaken by RBI

RBI's specific policy measures to address the stress in financial conditions caused by COVID-19

Monetary Policy Committee on March 24, 26 and 27, 2020

In its off-cycle meeting, noting the risks brought upon by the COVID19 pandemic to both demand and supply sides, the RBI announced several additional measures, inter-alia, to address liquidity concerns (*Source: RBI, Monetary Policy Report , April 2020*)

- Targeted Long-Term Repo Operations ("**TLTRO**") entailing repos of up to three years tenor of appropriate sizes for a total amount of up to ₹1 trillion at a floating rate linked to the policy repo rate, to be deployed by banks in investment grade corporate bonds, commercial paper, and non-convertible debentures over and above the outstanding level of their investments in these bonds as on March 27, 2020

- Cash Reserve Ratio ("**CRR"**) was reduced by 100 bps from 4.0% of Net Demand Time Liabilities ("**NDTL**"), to 3.0%, augmenting liquidity in the system by about ₹1.37 trillion

- Under Marginal Standing Facility ("**MSF**"), limit of dipping into their Statutory Liquidity Ratio ("**SLR**") raised from 2.0% of NDTL to 3.0%, allowing the banking system to avail an additional ₹1.37 trillion of liquidity at the reduced MSF rate of 4.65% from 5.40%

Widened the existing policy rate corridor from 50 bps to 65 bps. Under the new corridor, the reverse repo rate under the liquidity adjustment facility ("LAF") would be 40 bps lower than the policy repo rate. The marginal standing facility ("MSF") rate would continue to be 25 bps above the policy repo rate.

Additional measures announced on April 17, 2020

On April 17, 2020 the RBI cut the reverse repo rate to 3.75%, thereby further widening the policy rate corridor to 90 bps.

Announcements also included a reduction in a liquidity cover ratio ("**LCR**") from 100% to 80%, a special ₹5 billion refinancing facility at the repo rate for All India Financial Institutions (NABARD, SIDBI, NHB) and another TLTRO ("TLTRO 2.0"), targeted at NBFCs with 50% of the liquidity availed reserved for small and mid-sized NBFCs and MFIs. TLTRO 2.0, of ₹500 billion, with focus, inter-alia, on NBFCs by reserving 50% of the said amount for NBFCs with asset sizes between ₹5 billion and ₹50 billion, NBFCs less than ₹5 billion and Micro Finance Institutions ("MFI") (Source: RBI, Notifications on April 17, 2020.)

Meeting of the Monetary Policy Committee Meeting from May 20 to 22, 2020

In its first bi-monthly meeting for fiscal year 2021, the MPC of the RBI announced a 40 basis point cut to the repo rate to 4.00%. Consequently, the reverse repo rate and MSF rate also were reduced to 3.35% and 4.25% respectively, maintaining the policy rate corridor at 90 bps.

Further, the RBI announced additional developmental and regulatory policy measures. (detailed under '**COVID-19 related developments**'.)

Recent Developments in the Banking Sector and Expected Domestic Reforms

Implementation of the Basel III Capital Regulations

The RBI has issued guidelines based on the Basel III reforms on capital regulation to the extent applicable to banks operating in India. These guidelines require, *inter alia*, higher levels of Tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion in Tier I and Tier II capital.

The RBI Basel III Capital Regulations have been implemented in India in phases since April 1, 2013, and are more stringent than the requirements prescribed by earlier RBI guidelines. The Basel III Guidelines were expected to be fully implemented as at 31 March 2019; on January 10, 2019 RBI decided to defer the implementation of the last tranche of capital conservation buffer to March 31, 2020. Accordingly, minimum capital conservation ratios as applicable from March 31, 2018 (1.875%) will also apply from March 31, 2019 till the CCB attains the level of 2.50% on March 31, 2020. Further, the pre-specified trigger for loss absorption through conversion / write-down of Additional Tier 1 instruments (PNCPS and PDI) shall remain at 5.50% of RWAs and will rise to 6.125% of RWAs on March 31, 2020.

However, on March 27, 2020, the RBI announced that the implementation of the last tranche of 0.625% of CCB stands deferred from March 31, 2020 to September 30, 2020. Accordingly, minimum capital conservation ratios of 'Capital Conservation Buffer Framework' from the July 2015 circular on 'Basel III Capital Regulations', as applicable from March 31, 2018, will also apply for a further period of six months from March 31, 2020 till the CCB attains the level of 2.5% on September 30, 2020 (*Source: RBI – RBI Notification 2020, March 27 - Basel III Capital Regulations - Review of transitional arrangements*).

Under, Master Circular on Basel III Capital Regulations dated July 1, 2015 ("**Master Circular on Basel III**"), a bank is required to maintain a minimum total Capital to Risk Asset Ratio ("**CRAR**") of 9% and Tier 1 CRAR of 7%. In addition to the total CRAR, the capital conservation buffer will be required to be maintained at 2.50% in the form of common equity tier 1, by March 31, 2019.

Additionally, on June 9, 2014, the RBI released guidelines for LCR as part of the Basel III framework on liquidity standards, which will require minimum LCRs starting at 60% as of January 1, 2015, increasing in equal annual steps to 100% by January 1, 2019. *(Source: RBI Circular DBOD.BP.BC.No.120 / 21.04.098/2013-14 dated June 9, 2014)*

On April 17, 2020, to ease the liquidity position at the level of individual institutions, the RBI decided to bring down the LCR requirement for Scheduled Commercial Banks from 100% to 80% with immediate effect. The requirement was to be gradually restored back in two phases:

- 90% by October 1, 2020
- 100% by April 1, 2021

Further, Additional Tier I non-equity capital instruments under Basel III are expected to provide additional features such as full coupon discretion and principal loss absorption when the common equity ratio of a bank falls below 6.125% of its risk-weighted assets. In the case of Tier II non-equity capital instruments, the distinction between Upper Tier II and Lower Tier II instruments under Basel II is removed and a single class of Tier II instrument eligibility criteria has been prescribed. Additionally, under Basel III, loss absorption features have been included in the event of occurrence of the "Point of Non-Viability" trigger. The RBI has also fixed the base at the nominal amount of capital instruments outstanding on January 1, 2013, and their recognition will be capped at 90.00% from April 1, 2013, with the cap reducing by 10.00% points in each subsequent year.

Further, the pre-specified trigger for loss absorption through conversion / write-down of Additional Tier 1 instruments (Perpetual Non-Cumulative Preference Shares or Perpetual Debt Instruments) shall remain at 5.5% of RWAs and will rise to 6.125% of RWAs on September 30, 2020 (*Source: RBI – RBI Notification 2020, March 27 - Basel III Capital Regulations - Review of transitional arrangements*).

Leverage Ratio Framework

In June 2019, as a part of the "Leverage Ratio Framework", the RBI announced that the minimum leverage ratio would be 4% for Domestic Systemically Important Banks ("**DSIBs**") and 3.5% for other banks. Both the capital measure and the exposure measure along with leverage ratio are to be disclosed on a quarter-end basis. However, banks must meet the minimum leverage ratio requirement at all times. These guidelines were effective from the quarter commencing October 1, 2019 (*Source: RBI – RBI Notification 2019, June 28 - Basel III Capital Regulations - Implementation of Leverage ratio*).

Implementation of Ind-AS

The Institute of Chartered Accountants of India has issued Ind-AS (a revised set of accounting standards) which converges with the Indian accounting standards with International Financial Reporting Standards. The Ministry of Corporate Affairs has confirmed the Ind-AS for adoption.

According to a circular issued by the RBI on February 11, 2016, banking companies were required to prepare their financial statements under Ind-AS from April 1, 2018 and the monetary policy statement announced on April 5, 2018 deferred the implementation timeline by another year as necessary legislative amendments were still under the consideration of the Government. The RBI on March 22, 2019 further deferred Ind-AS implementation, as the requisite legislative amendments are still under consideration by the Government. The Bank may be required to begin preparing financial statements in accordance with Ind-AS in the future once regulatory authorities notify the Bank that the implementation of Ind-AS will be mandatory for banking institutions.

While the Bank has been discussing, including with the RBI, the possible impact of Ind-AS on its financial reporting, the nature and extent of such impact is still uncertain.

External Benchmark Based Lending

In October 2017, the RBI had constituted an internal study group to study the extant marginal cost of funds-based lending rate ("**MCLR**") system. The study group observed that internal benchmark lending rates such as Prime Lending Rate ("**PLR**"), Benchmark Prime Lending Rate ("**BPLR**"), base rate and MCLR had not delivered effective transmission of monetary policy and therefore, recommended a switchover to an external benchmark in a time-bound manner (*Source: RBI's Statement on Developmental and Regulatory Policies, December 05, 2018*).

As a step in this direction, on December 5, 2018 in the fifth bi-monthly Monetary Policy Statement for fiscal year 2019, the RBI announced that all new floating rate personal or retail loans and floating rate loans by banks to micro and small enterprises shall be linked to external benchmarks. Banks were also free to offer such external benchmark linked loans to other types of borrowers as well. Further, to ensure transparency banks must adopt a uniform external benchmark within a loan category. Based on further consultations with stakeholders, the original list of benchmark rates for this purpose announced in December 2018 were later in changed on September 4, 2019 (*Source: External Benchmark Based Lending – Medium Enterprises, September 04, 2019*), to the following:

- The RBI policy repo rate;
- Government of India 3-Months Treasury Bill yield published by the Financial Benchmarks India Private Ltd. ("**FBIL**");
- Government of India 6-Months Treasury Bill yield published by the FBIL; and
- any other benchmark market interest rate published by the FBIL.

In the same notification, the RBI also announced the linking of all new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans to Micro and Small Enterprises extended by banks with effect from October 1, 2019 to external benchmarks. Further, the spread over such benchmark rate must be decided by banks at the inception of the loan and the credit risk premium component of the spread must change only upon any substantial change in borrower's credit assessment. Other components of spread, including operating cost could be altered once in three years. Interest rates under external benchmark shall be reset at least once in three months.

On February 26, 2020 the RBI, based on its observation that monetary policy transmission had improved in sectors wherein external benchmarks were introduced, expanded this system to include new floating rate loans extended by banks to Medium Enterprises as well, from April 1, 2020 (*Source: External Benchmark Based Lending – Medium Enterprises, February 26, 2020*).

Financial Holding Company ("FHC")

In June 2010, the RBI set up a working group to examine the different holding company structures prevalent internationally in the financial sector and to examine the feasibility of introducing an FHC structure in India. FHCs are companies that own or control one or more banks or NBFCs. Currently, banks in India are organized under a bank-subsidiary model ("**BSM**"), in which the bank is the parent of all the subsidiaries of the group. In May 2011, the RBI released the working group's recommendations that included, among others, that the FHC model should be pursued as a preferred model for the financial sector in India and that the RBI should be designated as the regulator for FHCs. The recommendations have currently not been implemented. (*Source: RBI Report of the Working Group on Introduction of Financial Holding Company Structure in India and Press Release available at http://www.rbi.org.in as of January 10, 2013*)

Goods and Service Tax

GST has been implemented with effect from July 1, 2017 and has replaced the indirect taxes on goods and services such as central excise duty, service tax, central sales tax, state VAT, and surcharge currently being collected by the central and state governments. The GST is expected to be applied to banking transactions, which will increase the tax incidence and administrative compliance costs for banks. The rate of GST on banking transactions has been set at 18% as compared to 15% that was applicable prior to implementation of the GST.

Prudential Framework for Resolution of Stressed Assets

The RBI had, pursuant to its circular dated June 7, 2019, released "*The Prudential framework for resolution of Stressed Assets by banks*".

The fundamental principles underlying the regulatory approach for resolution of stressed assets are:

- early recognition and reporting of default in respect of large borrowers by banks, FIs and NBFCs;
- complete discretion to lenders with regard to the design and implementation of resolution plans, in supersession of earlier resolution schemes (S4A, SDR, 5/25 etc.), subject to the specified timeline and independent credit evaluation;
- a system of disincentives in the form of additional provisioning for delay in implementation of a resolution plan or initiation of insolvency proceedings;
- withdrawal of asset classification dispensations on restructuring. Future upgrades to be contingent on a meaningful demonstration of satisfactory performance for a reasonable period;
- for the purpose of restructuring, the definition of "**financial difficulty**" to be aligned with the guidelines issued by the Basel Committee Basel Committee on Banking Supervision; and
- signing of inter-creditor agreement (("**ICA**)") by all lenders to be mandatory, which will provide for majority decision-making criteria.

It is expected that the current circular will sustain the improvements in credit culture that have been ushered in by the efforts of the Government and the RBI and that it will go a long way in promoting a strong and resilient financial system in India. *(Source: Prudential framework for resolution of stressed assets by banks dated June 7, 2019)*

Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances ("IRACP") - Projects under Implementation

In February 2020, the RBI revised guidelines for deferment of date of commencement of commercial operations ("**DCCO**") for projects in non-infrastructure and commercial real estate ("**CRE"**) sectors. The revised guidelines, inter alia, permitted extension of such DCCO for CRE loans, delayed for reasons beyond the control of promoters, by another one year without downgrading the asset classification. Such extension however, requires banks' board to be satisfied about the viability of the project and the restructuring plan.

Union Budget 2020-2021

The Government of India announced the Union Budget on Feb 1, 2020. Key Banking and regulatory reforms announced in the Union Budget are as follows:

- Consolidation of Public Sector Banks and provision of ₹700 billion capital to boost credit for a strong impetus to the economy
- Increase in deposit insurance from ₹0.1 million to ₹0.5 million

COVID-19 related developments

COVID-19 Regulatory Package (Revised) (March, 2020)

In respect of all term loans banks are permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020 (later extended to August 31, 2020). The repayment schedule for such loans as also the residual tenor, will be shifted across the board by three months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

In respect of working capital facilities sanctioned in the form of cash credit/overdraft ("**CC/OD**"), lending institutions are permitted to defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 up to May 31, 2020 (later extended to August 31, 2020) ("**deferment period**"). The accumulated accrued interest shall be recovered immediately after the completion of this period.

In respect of working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may recalculate the 'drawing power' by reducing the margins and/or by reassessing the working capital cycle

Since the moratorium/deferment/recalculation of the 'drawing power' is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same will not be treated as concession.

The asset classification of term loans which are granted relief as mentioned above shall be determined on the basis of revised due dates and the revised repayment schedule.

The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies ("**CICs**") by the lending institutions. The circular also lays down that wherever the exposure of a lending institution to a borrower is ₹ 50 million or above as on March 1, 2020, the bank shall develop an MIS on the reliefs provided to its borrowers which shall, *inter alia,* include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.

Banks operating in International Financial Services Centre (March, 2020)

In the notification on March 27, 2020, the RBI permitted Banks in India operating International Financial Services Centre Banking Units ("**IBU**s"), to participate in the offshore non-deliverable forward market with effect from June 1, 2020. Banks were permitted to participate through their branches in India, their foreign branches or through their IBUs. Intended to improve depth and price discovery in the foreign exchange market segments by reducing arbitrage between onshore and offshore markets, RBI's move was also in light of the increased volatility of the rupee caused by the impact of COVID-19 on currency markets.

Declaration of dividends by banks (April, 2020)

In an environment of heightened uncertainty caused by COVID-19, it is important that banks conserve capital to retain their capacity to support the economy and absorb losses. Accordingly, it has been decided that all banks shall not make any further dividend payouts from the profits pertaining to the financial year ended March 31, 2020 until further instructions. This restriction shall be reassessed by the RBI based on the financial results of banks for the quarter ending September 30, 2020.

Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets (April 2020)

In terms of paragraph 11 of the Prudential Framework on Resolution of Stressed Assets, lenders are required to implement a resolution plan in respect of entities in default within 180 days from the end of Review Period of 30 days.

On a review, it has been decided that in respect of accounts which were within the Review Period as on March 1, 2020, the period from March 1, 2020 to May 31, 2020 (later extended to August 31, 2020) shall be excluded from the calculation of the 30-day timeline for the Review Period. In respect of all such accounts, the residual Review Period shall resume from June 1, 2020, (later extended to September 1, 2020) upon expiry of which the lenders shall have the usual 180 days for resolution.

In respect of accounts where the Review Period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 90 days from the date on which the 180-day period was originally set to expire.

Consequently, the requirement of making additional provisions specified in paragraph 17 of the Prudential Framework shall be triggered as and when the extended resolution period, as stated above, expires.

In respect of all other accounts, the provisions of the Prudential Framework shall be in force without any modifications.

The lending institutions shall make relevant disclosures in respect of accounts where the resolution period was extended in the 'Notes to Accounts' while preparing their financial statements for the half year ending September 30, 2020 as well as the financial years 2020 and 2021

COVID19 Regulatory Package - Asset Classification and Provisioning (April, 2020)

Asset Classification under the Prudential norms on Income Recognition, Asset Classification ("IRAC")

In terms of the circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 ("**Regulatory Package**"), the lending institutions were permitted to grant a moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 (later extended to August 31, 2020) ("**Moratorium Period**"). As such, in line with the clarification provided by the Basel Committee on Banking Supervision, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past due for the purpose of asset classification under the IRAC norms.

Similarly, in respect of working capital facilities sanctioned in the form of cash credit/overdraft, the Regulatory Package permitted the recovery of interest applied during the period from March 1, 2020 up to May 31, 2020 (later extended to August 31, 2020) to be deferred. Such deferment period, wherever granted in respect of all facilities classified as standard, including SMA, as on February 29, 2020, shall be excluded for the determination of out of order status.

NBFCs which are required to comply with Ind-AS shall, as hitherto, continue to be guided by the guidelines duly approved by their Boards and as per ICAI Advisories for recognition of the impairments.

Provisioning

In respect of accounts in default but standard where provisions of paragraphs (2) and (3) above are applicable, and asset classification benefit is extended, lending institutions shall make general provisions of not less than 10 per cent of the total outstanding of such accounts, to be phased over two quarters as under:

1. quarter ended March 31, 2020 – not less than 5 per cent; or
2. quarter ending June 30, 2020 – not less than 5 per cent.

The above provisions may be adjusted against the actual provisioning requirements for slippages from the accounts reckoned for such provisions. The residual provisions at the end of the financial year can be written back or adjusted against the provisions required for all other accounts.

The above provisions shall not be reckoned for arriving at net NPAs till they are adjusted against the actual provisioning requirements as under paragraph 6 above. Further, till such adjustments, these provisions shall not be netted from gross advances but shown separately in the balance sheet as appropriate.

All other provisions required to be maintained by lending institutions, including the provisions for accounts already classified as NPA as on February 29, 2020 as well as subsequent ageing in these accounts, shall continue to be made in the usual manner.

Other Conditions

The exclusions permitted in terms of para 2 and 3 above shall be duly reckoned by the lending institutions in their supervisory reporting as well as reporting to credit information companies ("**CICs**"); i.e., the days past due and SMA status, where applicable, as on March 1, 2020 will remain unchanged till May 31, 2020

The lending institutions shall suitably disclose the following in the 'Notes to Accounts' while preparing their financial statements for the half year ending September 30, 2020 as well as the financial years 2019-20 and 2020-2021:

1. respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3;
2. respective amount where asset classification benefits is extended;
3. provisions made during the the fourth quarter of financial year 2020 and the first quarter of financial year 2021 in terms of paragraph 5; and
4. provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.

'AtmaNirbhar Bharat' Reforms (May, 2020)

The Union Government of India, in announcements from May 12 to May 17, 2020, declared a series of measures across sectors as a part of an economic package to mitigate the impact of the COVID-19 pandemic. These include the following measures concerning banking and credit (in the order of date of announcement):

(i) Collateral free loans for MSMEs

1. Small and medium enterprises will be offered collateral-free automatic loans of up to ₹3 trillion up to 20% of entire outstanding credit.
2. MSME borrowers with ₹0.25 billion outstanding loans and a turnover of ₹1billion will be eligible.
    - Loans will have a 4-year tenor and a principal moratorium will be given for 12 months.
    - Interest will be capped.
    - 100% credit guarantee will be given to banks and NBFCs by the government on the principal and interest amount of the loans.
    - The scheme can be availed till Oct. 31, 2020.

(ii) Subordinate debt for stressed MSMEs

1. Facilitate liquidity of up to ₹200 billion, as subordinate debt for stressed MSMEs, which are in need of equity support
    - All functioning MSME, which are NPA or stressed, will be eligible

2. Support of ₹40 billion to the Credit Guarantee Fund Trust For Micro And Small Enterprises ("**CGTMSE**") which will then provide partial credit guarantee to banks

- The promoters will be given debt by banks, which will then be infused by promoters as equity

(iii) Liquidity facility for NBFC/HCs/MFIs

1. Special liquidity scheme of up to ₹300 billion for NBFCs/ HFCs/ MFIs

2. Under the scheme, investment will be made in both primary and secondary market transactions in investment-grade debt of NBFCs/ HFCs/ MFIs

- The securities will be fully guaranteed by the government

(iv) Expansion of partial credit guarantee scheme for NBFCs

1. Widened the ambit of its partial credit guarantee scheme for NBFCs

- First 20% of the loss will be guaranteed by the government

- Ratings AA and below including unrated, eligible for investment

2. Scheme to result in liquidity infusion of ₹450 billion

(v) Change in definition of MSMEs

Announcement of these measures also included that of change in definition of MSMEs, with an upward revision in investment limit to incentivise MSMEs to grow.

Existing MSME Classification			
Criteria : Investment in Plant & Machinery or Equipment			
Classification	**Micro**	**Small**	**Medium**
Manufacturing	Investment < ₹2.5 million	Investment < ₹50.0 million	Investment < ₹100.0 million
Services	Investment < ₹1.0 million	Investment < ₹20.0 million	Investment < ₹50.0 million

Revised MSME Classification			
Composite Criteria : Investment And Annual Turnover			
Classification	**Micro**	**Small**	**Medium**
Manufacturing and Services	Investment < ₹10.0 million and Turnover < ₹50.0 million	Investment < ₹100.0 million and Turnover < ₹500.0 million	Investment < ₹200.0 million and Turnover < ₹1.0 billion

(vi) Interest Subvention for Shishu Loans (loans up to ₹50,000) by Micro Units Development & Refinance Agency ("MUDRA")

1. Prompt payees under the MUDRA-Shishu loan scheme will be given an interest subvention of 2% for a period of 12 months

2. Relief of up to ₹15 billion

3. Current portfolio of MUDRA-Shishu loans is around ₹1.62 trillion

(vii) Special credit facility for Street Vendors

1. Launch a special scheme within a month to facilitate easy access to credit for street vendors
2. The facility will provide an initial working capital of up to ₹10,000 to restart their businesses which have been adversely impacted by the COVID-19 lockdown
3. Support five million street vendors and will provide liquidity of up to ₹50 billion
4. Digital payments will also be incentivised through monetary rewards and enhanced working capital credit will be given for good repayment behaviour

(viii) Extension of credit linked subsidy scheme for Housing

1. Credit linked subsidy scheme ("**CLSS**") for those earning between ₹0.6 million to ₹1.8 million annually has now been extended up to March 2021 from March 2020
2. The scheme provides a subsidy to middle-income earners on affordable home loan interest rates
3. Almost 0.33 mn families have benefitted from this and the extension will benefit another 0.25 mn middle income families
    - This will lead to an investment of over ₹700 billion in housing

(ix) Credit to farmers

1. Additional emergency working capital funding for farmers
    - NABARD to extend ₹300 billion of additional refinance support for rural co-op banks and RRBs, the main source of credit for small and marginal farmers
    - This is over and above ₹900 billion to be provided by NABARD through the normal refinance route this year
    - Front loaded on tap facility to 33 state co-operative banks, 351 district co-operative banks and 43 RRBs available on tap based on lending
2. Concessional credit
    - Special drive will be undertaken to provide concessional credit to PM-KISAN beneficiaries through Kisan Credit Cards
    - Covering up to 25 million farmers, with credit flow benefit of about ₹2 trillion
    - This will also include those involved in animal husbandry and fisheries

(x) Ease of doing business through IBC related measures

1. Threshold to initiate insolvency proceedings increased from ₹0.1 million to ₹10 million (insulating MSMEs)
2. Suspension of fresh initiation of insolvency proceedings up to 1 year
3. Excluding COVID-19 related debt from the definition of default for the purpose of triggering insolvency proceedings

(Source: Government of India, Atmanirbhar Bharat, May 13 to 17, 2020)

Announcement of ₹ 500 billion Special Liquidity Facility for Mutual Funds (April, 2020)

On April 27, 2020, with a view to easing liquidity pressures on Mutual Funds ("**MFs**"), the RBI opened a special liquidity facility for mutual funds, under which:

(i) The RBI would conduct repo operations of 90 days' tenor at the fixed repo rate in an on-tap and open-ended manner, starting April 27, 2020 up to May 11, 2020 or up to utilization of the allocated amount, whichever was earlier

(ii) Funds availed under this were to be used by banks exclusively for meeting the liquidity requirements of MFs by extending loans and outright purchase of and/or repos against the collateral of investment grade corporate bonds, commercial papers, debentures and certificates of Deposit (CDs) held by MFs

(iii) Such liquidity support availed would be:

1. Classified as held to maturity ("**HTM**") even in excess of 25.0% per cent of total investment
2. Not reckoned under the Large Exposure Framework
3. Not reckoned for computation of adjusted non-food bank credit ("**ANBC**") for determining priority sector targets/sub-targets
4. Exempted from banks' capital market exposure limits

(Source: RBI, Press Release, April 27, 2020)

Developmental and regulatory policy measures by RBI (May, 2020)

On May 22, 2020, in addition to the repo rate cut, the RBI announced further policy measures, including:

- Measures to Ease Financial Stress:
  1. Lending institutions permitted (with approval from their Board) to extend the moratorium on instalments of all term loans, by another three months, from June 1, 2020 to August 31, 2020, along with similar measure for deferment of interest for another three months on working capital facilities
  2. Lending institutions allowed (with approval from their Board) to convert accumulated interest on working capital facilities over the deferment period (up to August 31, 2020) into a funded interest term loan which shall be repayable not later than March 31, 2021
  3. Easing of working capital financing norms extended (with approval from the Board of the Lending Institution):
     i. In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are permitted to recalculate the 'drawing power' by reducing the margins till the extended period, i.e., August 31, 2020. In order to smoothen the impact for the borrowers, lending institutions are permitted to restore the margins to the original levels by March 31, 2021
     ii. Lending institutions are permitted to reassess the working capital cycle of a borrowing entity up to an extended period till March 31, 2021
  4. Asset classification benefits (i.e. not resulting in downgrade) on account of moratorium will continue till August 31, 2020
  5. With regards to resolution of stressed assets, lending institutions have been permitted to exclude the entire moratorium/deferment period from March 1, 2020 to August 31, 2020

from the calculation of 30-day review period or 180-day resolution period, if the review/ resolution period had not expired as on March 1, 2020

6. Banks permitted to increase their exposure to a group of connected counterparties to 30% from 25% of the eligible capital base of the bank, with the increased limit applicable up to June 30, 2021.

- Measures to improve function of markets:

  1. Re-financing facility for SIDBI of ₹150 billion to be rolled over for another 90 days to provide greater flexibility to SIDBI in its operations
  2. FPIs, for their debt investments under the Voluntary Retention Route, allowed three additional months to fulfil the condition that at least 75% of allotted limits be invested within three months

- Additional measures, including: increase in permissible time period for export credit, extension of a line of credit to the EXIM Bank, extension of time for remittances of imports (excluding gold/ diamonds, precious stones and jewellery) as well as relaxation of rules for states concerning their withdrawals from the Consolidated Sinking Fund.

Outlook

COVID-19 has adversely impacted near term growth outlook globally as well as with respect to India, with the RBI, stating that combined impact of demand compression and supply disruption will depress economic activity in the first half of the fiscal year 2021. However, assuming a phased restoration of economic activity, especially in the second half, and considering favourable base effects, the RBI expects a combination of fiscal, monetary and administrative measures currently undertaken to create conditions for a gradual revival in activity in the second half of 2020-21. *(Source: RBI, Governor statement, May 22, 2020)*

The RBI, in its seventh bi-monthly Monetary Policy Statement, 2019-20 however had noted that the macroeconomic fundamentals of the Indian economy were sound and, in fact, stronger than what they were in the aftermath of the global financial crisis – as the fiscal deficit and the current account deficit were now much lower; inflation conditions relatively benign; and financial volatility measured by change in stock prices from recent peaks and average daily change in the exchange rate of the rupee distinctly lower.

RECENT DEVELOPMENTS

Unless otherwise stated, references to "we", "us", "our" and similar terms are to YES Bank Limited on a consolidated basis and references to "the Bank" are to YES Bank Limited on a standalone basis.

Update on Moratorium imposed by the Reserve Bank of India

On March 5, 2020, the Central Government, based on the RBI's application, imposed a moratorium in exercise of powers conferred under section 45 of the Banking Regulation Act, 1949 with effect from 1800 hours on March 5, 2020 up to and inclusive of April 3, 2020. Further, the RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on March 5, 2020 for a period of thirty days owing to serious deterioration in the financial position of the Bank. In connection with the moratorium, a restriction was imposed on the withdrawal by depositors of amounts exceeding ₹50,000 and the Bank was not allowed to grant or renew loans or advances, or make any investments, or incur any liability or agree to disburse any payment, whether in discharge of its liabilities and obligations, or otherwise enter into any compromise or agreement, or transfer or otherwise dispose of any of its properties or assets. The moratorium was lifted on March 18, 2020 at 6:00 p.m. and the Bank was granted a short-term special liquidity facility on March 17, 2020 for 90 days from the RBI to meet the demands of the depositors for repayment of deposits post the lifting of the moratorium, which was repaid on June 15, 2020 and the RBI granted the Bank another 90-day special liquidity facility till September 12, 2020. In addition, the Bank had raised certificates of deposits of ₹72 billion as at March 31, 2020 to address any outflow of deposits post withdrawal of the moratorium.

On March 13, 2020, the Government of India by way of its notification bearing no. G.S.R. 174(E) notified the "YES Bank Limited Reconstruction Scheme 2020" (the "**Reconstruction Scheme**"). Pursuant to the Reconstruction Scheme, the moratorium was lifted on March 18, 2020 at 6:00 p.m. and Bank's authorized capital increased from ₹11,000 million to ₹62,000 million. There was a capital infusion of ₹100,000 million by a consortium of investors led by the State Bank of India ("**SBI**"). SBI, together with Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Federal Bank Limited, Bandhan Bank Limited and IDFC First Bank Limited ("**Other Investors**"), invested ₹100,000 million in the Bank at a price of ₹10 per equity share of the Bank (₹2 face value with a premium of ₹8). SBI is required to hold not more than 49% and not less than 26% of the total equity shares in the Bank (which is subject to a three-year lock-in from March 14, 2020). Other Investors are subject to a three-year lock-in from March 13, 2020 for 75% of the investments they made in the Bank under this Reconstruction Scheme. Existing shareholders (other than shareholders holding less than 100 shares) in the Bank are also subject to a lock in for 75% of their holding for a period of three years from the date of commencement of the Reconstruction Scheme pursuant to the Reconstruction Scheme. A new Board of Directors, Chief Executive Officer and Managing Director and Non-Executive Chairman have also been identified and appointed pursuant to the Reconstruction Scheme. In addition, the moratorium imposed on the Bank on March 5, 2020 was lifted on March 18, 2020 as per the Reconstruction Scheme.

The Bank had Basel III compliant additional Tier I bonds of ₹86,950 million of which, based on the Master Circular – Basel III Capital Regulations dated July 1, 2015 ("**Master Circular**"), the Bank had written down the additional Tier I bonds amounting to ₹84,150.00 million. The Bank had also breached the minimum CET I ratio and Tier I capital ratio as on March 31, 2020. As at March 31, 2020, CET I ratio stood at 6.3% and Tier I stood at 6.5% as compared to the minimum requirements of 7.375% and 8.875%. To shore up the capital base, the Bank sought the approval of its shareholders to raise up to ₹150 billion of capital. In addition, the deposit outflow in early October 2019 on account of a combination of events such as invocation of one of the former Promoter's pledged shares and IT glitches for the Bank and others, problems arising from financial distress in another cooperative bank led to a breach of the Bank's statutory liquidity ratio ("**SLR**") during the fiscal year 2020.

Going Concern Assessment

The increase in NPA as a consequence of additional slippages and increase in PCR has resulted in higher provisioning and a loss in our results for fiscal year 2020. The aforesaid loss netted off from the existing core capital has resulted in a CET I ratio of 6.3%, which is lower than the regulatory requirement of 7.375% as at March 31, 2020. Our deposit base has seen a reduction from ₹2,275,579.03 million as at March 31, 2019 to ₹1,053,111.68 million as at March 31, 2020. The delay in capital raising triggered the downgrade of our various credit ratings. The outflows on account of the above have resulted in our quarterly average LCR falling to 40% for the year ended March 31, 2020, which was lower than the regulatory requirement of 100%. Since then, the regulatory requirement has been lowered to 80% for the period up to March 31, 2021. The Bank was granted a second 90-day special liquidity facility on June 15, 2020 by the RBI till September 12, 2020. The special liquidity facility is not repayable on demand. Accordingly, as of the date of this Prospectus, the Bank is not in breach of the regulatory minimum LCR requirements. While our SLR as at March 31, 2020 satisfied the regulatory requirement, we breached the regulatory minimum SLR during the year ended March 31, 2020. Subsequent to March 31, 2020, our deposit base was further reduced to ₹1,027,178.48 million and our LCR further fell to 34.8% as at May 2, 2020. We provided for ₹3,344.38 million for the probable penalty on the breach of the regulatory minimum SLR during fiscal year 2020.

Our financial results as at and for the year ended March 31, 2020 have been prepared on a going concern basis. However, this going concern assumption is, *inter alia*, dependent on the Bank's ability to achieve improvements in liquidity, asset quality and solvency ratios, as well as mitigate the impact of COVID-19. There is thus a material uncertainty which may cast a significant doubt on the Bank's ability to continue as a going concern. However, the Bank's management and the Board are of the view that there are mitigating factors to such uncertainties, including the amount of capital funds that have been raised in March 2020, the nature and financial resources of new investors who have infused funds in the Bank, the new Board of Directors and management, and the extent of regulatory support provided to the Bank by the RBI.

As of the date of this Prospectus, after taking into account the waivers that are currently valid, we are in breach of seven facility agreements entered into with five of our lenders, in relation to the covenants to maintain our credit ratings and certain financial ratios, including capital and asset quality related ratios. As of the date of this Prospectus, the aforesaid facility agreements represent ₹54,439.43 million of our borrowings and 2.48% of our total indebtedness as at March 31, 2020. The Bank has reported the details of its financial ratios at the pre-defined intervals to each of the seven lenders. We have been in breach of the covenants over the last 12 months. Pursuant to the terms of these facility agreements, such breaches constitute events of default permitting the lenders to declare the amounts outstanding under the corresponding documents to be due and payable prior to its stated maturity. Further, such default or any acceleration of the amount outstanding by the lenders may also result in cross-acceleration or cross-defaults under certain other facility agreements, resulting in the outstanding amounts under such other facility agreements becoming capable of being declared due and payable prior to its stated maturity. As of the date of this Prospectus, none of the lenders has declared the amounts outstanding under the relevant facility agreements to be due and payable prior to its stated maturity.

In addition, pursuant to the terms of certain of our financing agreements, a decline in our external credit ratings over a prescribed period had permitted the lenders under certain of the facility agreements to declare the amounts outstanding to be due and payable prior to its stated maturity. Accordingly, we have voluntarily prepaid U.S.$1,180 million of such borrowings during fiscal year 2020 before such mandatory prepayment event has occurred.

We have in the past received waivers for our breaches. As of the date of this Prospectus, we are in discussions with the relevant lenders and the bondholder to obtain waivers in respect of the breaches under the facility agreements. We have received waiver from one of our lenders for the breach of our covenants under the relevant facility agreement for the period from December 31, 2019 to June 30, 2020, and another facility agreement for the period up to September 30, 2020. We have also received correspondence from the bondholder under our debt instrument to waive the existing breach and a definitive letter of waiver will be delivered in due course. There can be no assurance that we will be able to obtain waivers from other lenders for our existing breaches or the lenders under the facilities will not declare the amounts outstanding under the relevant facility agreements and the debt instrument to be due and payable prior to its stated maturity, which may result in further damage to our liquidity position. Our lenders could seek to modify the terms of the existing financing arrangements in ways that are commercially adverse to us. There is also no assurance that we will be in compliance with our financial covenants in the future.

On March 14, 2020, we had fully written down, as per the Basel III regulations, our Unsecured Perpetual Subordinated Basel III Compliant Additional Tier I Bonds issued on December 23, 2016 for an amount of ₹30,000 million and our Unsecured Perpetual Subordinated Basel III Compliant Additional Tier I Bonds issued on October 18, 2017 for an amount of ₹54,150 million. This action by the Bank has been legally challenged through writ petitions in the Bombay and the Madras High courts. For details, please see "*Outstanding Litigation and Material Developments - Litigation involving our Bank - Litigation initiated against our Bank*" on page 479.

The coupon payment amounting to ₹84 million with respect to our ₹820 million Basel II Tier I bonds was due on March 5, 2020. While we submitted an application for the payment of interest on March 5, 2020, the RBI did not permit the payment of interest as the Bank's capital was below the regulatory minimum.

Similarly, interest payment amounting to ₹61.5 million with respect to our ₹600 million Upper Tier II bonds was due on June 29, 2020 and while we submitted an application for the payment of interest on May 15, 2020, the RBI did not permit the payment of interest as the Bank's capital was below the regulatory minimum. As the Bank's capital ratio was below the regulatory minimum, this has prevented us from exercising call-options on the call date to redeem some of our bonds and thus resulted in increased coupon rate, non-payment of interest on the interest payment date and affected scheduled or on-demand repayments, thereby resulting in the downgrade of our credit ratings.

In the fiscal year 2020, three independent consulting agencies specialising in credit due diligence were engaged to conduct credit assessment of our select corporate portfolio, primarily from a recovery or loss given default ("**LGD**") perspective. For this purpose, we, in consultation with the agencies, identified certain corporate groups on the basis of a combination of qualitative and quantitative criteria in relation to NPA, SMA and negative perception, amongst other factors as potential stressed assets. The independent consulting agencies conducted due diligence on the identified corporate group exposures aggregating to ₹812,812 million as of September 30, 2019. The exposures comprise of gross advances, investments, non-fund based exposure and treasury equivalent (nominal exposure) to the respective corporate groups. Based on the assessment, the minimum recovery estimates (on gross basis, capped to the exposure) against these exposures was 68.47%, amounting to ₹556,518 million, representing a LGD of ₹256,294 million. Against these exposures, the Bank has an aggregate provisioning (including technical write-offs) of ₹326,785 million which covers for the LGD as per the minimum recovery assessment by the independent agencies. Furthermore, the analysis also concluded that exposures aggregating to ₹365,502 million had 100% recovery expectations.

COVID-19

We have taken significant steps to mitigate the impact of COVID-19 related lockdown, particularly with respect to ensuring uninterrupted servicing of our clients, ensuring business continuity by enabling our employees to efficiently discharge their duties even under lockdown conditions and preparing our infrastructure for post lockdown environment. In addition, the Government as well as the RBI have taken several steps to minimise the economic impact of the lockdown (see "*Industry Overview*"). However, the extent of economic disruption on account of the extended lockdown currently remains unknown and may have significant impact on our ability to achieve the strategic objectives set out above.

In response to the COVID-19 outbreak, the Bank leveraged technology to minimize disruption impact for our customers. Our measures include the implementation of digital and smart banking solutions, operationalising remote capabilities and digitalising the risk processes. The Bank ensured availability of services in over 95% of all branches and ATMs. Our electronic and digital channels are available 24 hours to provide online banking services to our customers. Our remote users working towards supporting businesses using remote access systems increased from approximately 1,000 before lockdown period to approximately 10,000 since lockdown began. Therefore, we have been able to cover critical activities like branch functions and transactions to ensure customers do not face any disruptions during lockdown period. Sequential planning of employee working shift with twin objectives was introduced. This extended the window for customer service at branches and avoided employee travel at peak hours.

In accordance with the RBI guidelines relating to COVID-19 regulatory package, the Bank has offered a moratorium of six months on the payment of all unpaid instalments and/or interest, applicable, falling due between March 1, 2020 and August 31, 2020, to all eligible borrowers classified as "Standard" as at February 29, 2020. Such eligible borrowers had overdue exposures as of February 29, 2020 with a total outstanding amount of ₹150,105.54 million as of March 31, 2020 of which there is an NPA of ₹27,129.45 million against which there is a provisioning of ₹2,378.42 million. Among customers who have opted in for the moratorium, the indicative ranges for corporate customers, micro, small or medium enterprises, and retail customers are 15% to 20%, 15% to 20%, and 20 to 25%, respectively. The value terms for corporate customers, micro, small or medium enterprises, and retail customers range from 40% to 45%, 35% to 40%, and 40 to 45%, respectively.

In addition, we are one of the contributing partners to the PMCARES fund. The Bank donated approximately ₹100 million and its employees voluntarily donated a portion of their salary amounting to ₹19.67 million.

Whistle Blower Complaints

In September 2018, we were made aware, through communications from stock exchanges, of anonymous whistle blower complaints alleging irregularities in our operations, potential conflict of interest of the former promoter and former Managing Director and Chief Executive Officer, Rana Kapoor, and allegations of incorrect NPA classification. We conducted internal enquiries on these allegations, which was carried out by the management and supervised by the Board of Directors. The enquiry report was reviewed by the former Board of Directors in November 2018. In December 2018, the Audit Committee engaged an external firm to conduct independent examination of the allegations. After reviewing Phase 1 report provided by the external firm, we instructed the same firm to conduct Phase 2 investigation. During the quarter ended December 31, 2019, we received forensic reports on certain borrower groups commissioned by other consortium bankers, which provided further information relating to the allegations. We accepted the recommendation from our Nomination and Remuneration Committee ("**NRC**") and obtained an independent legal opinion with respect to the allegations. In February 2020, the external firm produced Phase 2 report regarding the allegations.

In January 2020, the former Chairman of the Audit Committee of the Bank highlighted concerns around corporate governance and other operational matters of the Bank. The Bank has received the report on the allegations made by the Chairman of the Audit Committee from an external firm engaged by the former Board of Directors. Based on the report, the Board of Directors noted that neither technical errors were made during the board proceedings nor were there any substance with respect to the allegations. The external firm has also submitted their report in relation to the improvement of corporate governance practices of the Bank.

In March 2020, the Enforcement Directorate launched investigations on money laundering, fraud and nexus with certain loan transactions. Such investigations involved looking into transactions carried out by one of our former Promoters and former Managing Director and Chief Executive Officer, Rana Kapoor and the alleged links with certain borrower groups. We are in the process of reviewing all available reports to assess if any of the findings have a material impact on our financial statements and/or may require further investigation. We have presented these reports to the new Audit Committee and the new Board of Directors for further guidance and recommendations.

During the year ended March 31, 2020, we received various whistle blower complaints against the management of the Bank, former Managing Director and Chief Executive Officer, Rana Kapoor, and several former Directors. The NRC reviewed the investigation outcome provided by the management and recommended that the said complaints would be independently reviewed by a law firm and the report of the same would be placed at the next NRC meeting.

Re-classification of promoters and promoter group of the Bank

Pursuant to SEBI's letter dated June 9, 2020, bearing reference no. SEBI/HO/CFD/CMD1/OW/2020 ("**SEBI Letter**"), and approvals issued by the Stock Exchanges, each dated June 12, 2020, pursuant to Regulation 31A of the SEBI Listing Regulations, the erstwhile promoters and persons belonging to the promoter group (*i.e.* Rana Kapoor, Madhu Kapur, Morgan Credits Private Limited, Yes Capital (India) Private Limited and Mags Finvest Private Limited) were re-classified as public shareholders. Our Bank is now professionally managed and is a 'listed entity with no promoters' in terms of the SEBI Listing Regulations.

Further, in accordance with the SEBI Letter, our Bank is required to:

(a) file an affidavit before the Bombay High Court informing the court about the Reconstruction Scheme and the consent received from Madhu Kapur group for reclassification. The Bank was also asked to take steps to get the stay vacated;

(b) submit the copies of the application submitted to the Stock Exchanges for reclassification of the erstwhile promoters / person(s) belonging to the erstwhile promoter group as public shareholders, and the SEBI Letter with the Stock Exchanges, in accordance with the SEBI Listing Regulations;

(c) inform its shareholders about the re-classification of its erstwhile promoters and persons belonging to the erstwhile promoter group in its next annual general meeting / extra-ordinary general meeting of the Bank;

(d) take necessary steps to modify / delete Article 110(c) and specific portions of Article 111(d), Article 118(b) and Article 121 of its AoA, which have become redundant, infructuous and inconsequential pursuant to omission of the deleted Articles under the Reconstruction Scheme.

OUR BUSINESS

Unless otherwise stated, references to "we", "us", "our" and similar terms are to YES Bank Limited on a consolidated basis and references to "the Bank" are to YES Bank Limited on a standalone basis.

To obtain a complete understanding of our Bank, prospective investors should read this section in conjunction with "Risk Factors", "Industry Overview", "Summary of Financial Information", "Selected Statistical Information" and "Management's Discussions and Analysis of Financial Condition and Results of Operations" on pages 24, 147, 78, 457 and 423 respectively, as well as the financial, statistical and other information contained in this Prospectus.

Overview

We are a new generation private sector bank in India incorporated as a public limited company in November 2003 and obtained our certificate of commencement of business in 2004. In May 2004, we were granted a license by the RBI under Section 22(1) of the Banking Regulation Act to commence banking operations in India. In March 2020, the Government of India notified the "YES Bank Limited Reconstruction Scheme 2020" and the Board was reconstituted with eight eminent professionals with vast experience within the banking industry. Since the implementation of the Reconstruction Scheme, we have formulated new strategic objectives which aim at augmenting deposit base and liquidity buffers, optimizing operating costs, building stronger governance and underwriting framework and focusing on stressed assets resolution over the next six to twelve months. Amidst the challenging environment, we continue to develop our young and dynamic talent pool as investment in human capital is the key to our long term sustainable success.

As one of India's new generation private sector bank, our presence covers all 28 states and eight union territories in India and one representative office in Abu Dhabi as of March 31, 2020. We are a full-service commercial bank specialising in merchant banking, digital banking, brokerage business, asset management and investment banking. As of March 31, 2020, the Bank has a network of 1,135 branches and 1,423 ATMs. Our branches increased to 1,135 as of March 31, 2020 from 631 as of March 31, 3015 to 1,000 as of March 31, 2017. Our extensive network of branches includes 250 hub branches, 850 spoke branches, and with approximately 85% of our branches with more than three years vintage. Our branches are geographically extensive with 386, 236, 298 and 215 in metro, urban, semi-urban and rural locations respectively. We have been recognized in India, as well as globally, with various awards and recognitions, such as winner of the "Most Customer Centric Bank" in the medium-size banks category, and runner up for "Best Technology Bank of the Year" and "Best Use of Data and Analytics" in the medium-size banks category at the Indian Banks' Association Banking Technology Awards in 2019, "Best Bank for SMEs in India" by Asiamoney Best Banks Awards 2019 and ranked 1st for "Dream Company to Work For" and "Best Employer Brand" at the 13th Employer Branding Awards, in 2019. We were also ranked first as a remitter bank for IMPS by National Payments Corporation of India ("**NPCI**") in the peer group for 2019 and 1st with regard to promotion of Digital Payment and exemplary performance in Digital Payments across 56 Public and Private sector banks in India by the Ministry of Electronics & Information Technology.

We provide a knowledge-based approach to banking that adds value for our customers by allowing them to capitalize on our knowledge in specific business sectors as well as across products. This approach, enabled further by the use of efficient technology-based solutions, strengthens our relationships with our customers by allowing us to develop those existing relationships to cross-sell our full range of product and service offerings, with increasing thrust on transaction banking and payments.

As a new generation bank, we have been able to invest in latest technology infrastructure and applications to enhance customer experience across all service delivery channels, including digital banking. We have undertaken several IT and digital initiatives that are expected to contribute to our business in the near future, including our Aadhar Enabled Payment System, Immediate Payment Service and Unified Payments Interface.

We aim to develop a scalable platform as we focus on our retail and SME advances. Our strategic initiatives in the enhancement of our SME capabilities include financing vendors of corporates, tie ups with trade and industry relationships and expanding our liability business through branches and CRM based sourcing. As of March 31, 2020, we have 50 dedicated SME branches in SME hubs We intend to increase our customer base in our corporate banking, medium enterprises banking, SME banking and retail banking business segments through a focused customer relationship management approach.

Our total assets decreased from ₹3,124,496.54 million as of March 31, 2018 to ₹2,578,321.64 million as of March 31, 2020 at a CAGR of (9.16)%. Our total deposits have decreased from ₹2,006,886.04 million as of March 31, 2018 to ₹1,053,111.68 million as of March 31, 2020 at a CAGR of (27.96)%. Our CASA deposits for the bank decreased from ₹731,740.32 million as of March 31, 2018 to ₹280,461.00 million as of March 31, 2020 at a CAGR of (38.09)%. Our advances have decreased from ₹2,035,188.25 million as of March 31, 2018 to ₹1,714,330.90 million as of March 31, 2020 at a CAGR of (8.22)%. As at March 31, 2020, the total advances made by our Wholesale Banking and Business & Retail Banking divisions amounted to ₹1,091,664.23 million and ₹622,768.72 million, respectively, which represent 63.68% and 36.32% of our total advances respectively. Our net profit decreased from ₹42,332.2 million for the fiscal year 2018 to a net loss of ₹164,325.80 million for the fiscal year 2020 due to heightened slippages during fiscal year 2020 and consequent provisioning. The Bank's number of branches has increased from 1,100 as of March 31, 2018 to 1,135 as of March 31, 2020.

The Bank has focused on pro-actively recognizing bad loans as it continues to account for loan slippages in fiscal year 2020. Additionally, the Bank has decided to increase its coverage ratio on its NPA loans beyond the RBI requirements with a provision coverage ratio on advances at 73.77%.

Going forward, the Bank has set the following strategic objectives:

1. Rebuild the foundation and calibrate growth over the next six to twelve months:

    (a) rebuild liabilities and liquidity buffers;

    (b) optimise cost;

    (c) strengthen the governance and underwriting framework; and

    (d) focus on stressed assets resolution.

2. Medium-term objectives:

    (a) stabilise liability mix and lower cost of funds with and aim to increasing CASA ratio to more than 40%;

    (b) provide granular advances, with retail, SME and Medium Enterprises being more than 60%;

    (c) enhance corporate flows and cross-selling through transaction banking; and

    (d) increase ROA to above 1% within the next one to three years and above 1.5% within the next three to five years.

Competitive Strengths

Our competitive strengths include the following:

Simplified organisation structure backed by marquee institutions and experienced leadership team

Pursuant to the Reconstruction Scheme, SBI, together with Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Federal Bank Limited, Bandhan Bank Limited and IDFC First Bank Limited, invested ₹100,000 million in the Bank at a price of ₹10 per equity share of the Bank (₹2 face value with a premium of ₹8). Accordingly, we have a unique combination of public-private ownership model within the Indian financial services space. Our strong relationship with our shareholders have also strengthened our Bank's strategic position.

Moreover, pursuant to the Reconstruction Scheme, a new Board of Directors, Chief Executive Officer and Managing Director and Non-Executive Chairman were also identified and appointed. The newly formed board consists of eminent and experienced professionals, which seek to ensure that the Bank adheres strictly to regulatory and governance norms. In addition, we benefit from a strong professional management team. Our management team has a demonstrated track record of achieving improved financial results and has solidified our institutional customer relationships. Our financial performance in the fiscal year 2020 was impacted due to the bunching up of slippages and depositor concerns on stability, which led to the breaching of capital and liquidity ratios. In addition, our management is supported by well-trained and qualified staff with significant experience and understanding of their respective business areas. Our current management team has developed strengths in key areas of banking like retail lending, corporates, SME, branch banking, transaction banking, digital banking and remains focused on delivering on the Bank's newly-adopted business strategies.

Our strategy is to empower local management, ensuring they have ownership of day-to-day operational decisions while being guided by central principles aligned to our vision and strategy. We believe that the strength of our management team, combined with our decentralized business model enables us to take advantage of strategic market opportunities, to make decisions at the local level quickly and to better serve our customers. Prior to joining us, certain members of our senior management held key positions at leading Indian private sector and foreign banks. For additional details see "*Our Management*" on page 243. We offer our employees career growth opportunities in an entrepreneurial environment, along with suitable training programs. In recent years, we have hired a number of experienced professionals from other private sector banks that have strengthened our retail banking team leadership. As a result of investment and commitment to our employees, we believe we have good relationships with our workforce. As of March 31, 2020, we had 22,973 employees. For further details, see "*– Human Resources*" on page 201.

In addition, we have also streamlined our organisation structure which will enable us to expand our business units and drive efficiencies. In April 2020, we completed a reorganisation where multiple corporate products and relationship units have been aggregated into the Wholesale Banking unit which will be asset-light, liability-led and transaction heavy.

Differentiated technology platform leading to digital leadership

Our information technology (IT) strategy is divided into two parts: the first being "Run the Bank", which focuses on initiatives aimed at ensuring efficient and effective operations, and the second strategy entitled "Build the Bank", which focuses on technologies that could further enhance our business. For additional details on our IT achievements, see "*Our Business – Digital Offerings*" on page 198. As a new generation bank, we have been able to invest in latest technology infrastructure and applications to enhance customer experience across all service delivery channels, including digital banking. We have undertaken several IT and digital initiatives that are expected to contribute to our business in the near future, including our Aadhar Enabled Payment System, Immediate Payment Service and Unified Payments Interface. These initiatives include upgrading our core banking system to ensure that the information technology infrastructure can meet the growing demand. We are leveraging technology and digitization, including the use of data analytics, to enhance customer experience and deepen engagement while increasing productivity and efficiency. As at March 31, 2020, we have 17.11 million registered users for our Unified Payments Interface. In fiscal year 2020, we processed ₹7,557,285.75 million, ₹1,659,905.15 million and ₹433,960.29 million for our Unified Payments Interface, Intermediate Payment Service and Aadhaar Enabled Payment System, respectively and we record transaction volume of 4,507.93million, 239.73 million and 330.34 million, for each of our Unified Payments Interface, Intermediate Payment Service and Aadhaar Enabled Payment System, respectively.

We have strong technology backbone and unparalleled digital capabilities with focussed strategy and early mover advantage. Our objectives are to deepen existing relationships, improve operational efficiency, identify new customers, explore new business lines and provide superior customer service. Our digital banking comprises applications for payments, customised banking solutions, mobile and mobility, process digitisation and future technology. Our data analytics backbone enables future monetization with cloud adoption, Big Data processing with Artificial Intelligence and Deep Learning models, platformisation, graph processing and blockchain. We utilise Neo4j-Graph DB to map a customer's banking ecosystem. We also have a partnership with Microsoft on Azure cloud. We are a new generation bank with modern technologies providing competitive edge across business segments. Under our digital leadership initiatives, we are the primary banker to 21 "unicorn companies" and 35 "soonicorn companies" in India, including Dream 11 and PayNearby and institutions such as Karnavati University.

We have initiated digital solutions around areas such as API banking, artificial intelligence, machine learning, blockchain, chatbots, which impact customer experience and speed of delivery. Another of our key focus areas is to make our technology open yet secured for all partners. Our ART (Alliances and Relationships with underlying Technology) methodology primarily focuses on this and helps us to be an agile partner in the digital banking ecosystem. We have also launched the YES Scale marketplace platform to host innovative solutions co-created by startups. This aims to address the cross-sector business challenges of our clients. Marketplace currently hosts more than a hundred solutions integrated with YES BANK APIs across sectors such as logistics, healthcare, agritech and ed-tech among others. We have also launched the API sandbox which allows partners to plug specific banking functions into their own corporate solutions.

We have demonstrated our market leadership in the payment segment as we were ranked top Remitter Bank in the Intermediate Payment Service, highest P2M transactions in the Unified Payments Interface segment and held approximately 29.5% market share based on transaction volume in the Aadhaar Enabled Payment System segment as at March 31, 2020 pursuant to the data available from National Payments Corporation of India (NPCI). Our Bank's data analytics framework seeks to enable future monetization through cloud adoption and big data processing with artificial intelligence. We have adopted the use of Neo4j-Graph DB to map a customer's banking ecosystem and we have also issued commercial paper on the blockchain platform in fiscal year 2020. We have adopted various technology platforms to expand our offering and drive a lower cost of efficiency, such products and offerings include YES Mobile, YES Robot, BHIM YES PAY app, YES Bank Money and YES Transact. There are more than 1.6 million registered users of YES Mobile with year-on-year growth of 46% in the registered user base.

Well-established granular banking platform with a strong focus on retail and SME advances

We have experienced a strong growth in our retail and SME advances over the last three years despite a reduction in corporate loan book. This has also been evidenced by an increased in the percentage of total retail and SME advances out of our total advances. The composition of retail banking in total advances increased to approximately 24% as at March 31, 2020 compared to approximately 17% as at March 31, 2019 and approximately 12% as of March 31, 2018. Similarly, the composition of SME advances increased to approximately 13% compared to approximately 10% as at March 31, 2019 and approximately 10% as of March 31, 2018. We maintain a low risk portfolio with large proportion of cash flow-based financing with adequate collateral. There is low unsecured exposure of approximately 15% in retail advances and 1% in SME advances. We continue to focus on our high profit contribution from the retail franchise, which will remain a key strategic focus area for our Bank. Our deep geographic penetration into Tier II and Tier III cities allow us to target lower ticket sizes while maintaining our asset quality. Our asset quality proves to be a low risk portfolio with large proportion of cash flow-based financing with adequate collateral. We focus on existing salaried customers for unsecured products. There is low unsecured exposure of less than 1.5% to self-employed segment. Our retail and SME asset quality continue to demonstrate resilience as our retail GNPA ratio and SME GNPA ratio stand at 1.23% and 1.66% as at March 31, 2020, respectively. Our use of digital capabilities has enabled us to lower the cost of retail-led acquisition. Our SME business is built on a robust risk management platform with a potential for meaningful growth. It focuses on a granular portfolio and strong collateral base that are diversified across the various sectors. We have also enhanced our SME capabilities through our strong partnerships with various stakeholders in the areas of supply chain banking, knowledge banking and branch banking and CRM.

SME capabilities have been strategically enhanced in three aspects: (i) supply chain banking, (ii) knowledge banking; and (iii) branch banking and CRM. The supply chain banking aspect focuses on financing vendors of corporates by building strong corporate relationships, utilising technology and analytics to automate limit enhancement, and progressing towards leadership in electrical and electronic goods segment. Knowledge banking is further enhanced by building stronger tie ups with trade and industry associations which provides us with access to sector specialists with vast industry knowledge and building strong working relationships with leading domestic and international institutions.

We have well-built diversified loan book within retail advances. The Bank's granular portfolio of retail advances consists of niche segments: vehicle loans, mortgage-backed loans, consumer loans, business equipment and others. More than two-thirds of commercial vehicle loans are extended to large fleet operators. The concentration of mortgage-backed loans is not more than 10% on average and the loan-to-value ratio is over 50%. Consumer loans are targeted at corporate employees with high range income within Tier 1 cities. For a majority of the retail products, 30 to 90 days past due is slightly lower than the industry. The Bank also has strong customer profile with average bureau score above 725 representing 76% of the personal loans segment during the final quarter of fiscal year 2020. The table below presents the breakdown of retail gross outstanding loans and gross non-performing assets as a proportion of gross outstanding loans on a standalone basis at the end of each of the periods indicated.

% of Total Retail Advances	As at March 31, 2018	2019	2020
		(in %)	
Mortgage Backed Loan Group	28.20	26.98	30.02
Business Equipment Loan Group	10.92	10.89	11.01
Consumer Loan Group	16.08	16.91	19.80
Vehicle Loan Group	40.02	40.84	34.43
Others	4.77	4.38	4.73
% of Total Retail Advances	100.00	100.00	100.00

Retail Gross Non-Performing Assets as proportion of Gross Outstanding loans	As at March 31, 2020
	(in %)
Mortgage Backed Loan Group	1.19
Business Equipment Loan Group	1.38
Consumer Loan Group	1.19
Vehicle Loan Group	1.63
Others	0.15

The Bank's SME advances portfolio consists of the following segments: engineering, textile, retail, metals, jewelleries, agriculture, iron and steel, food and others. It is highly granular with an average ticket size of approximately ₹15 million. We have lower account level vintage delinquency compared to the peer group across personal loans, auto loans and loans against property portfolios, as per TransUnion CIBIL. We continued to demonstrate resilience during stressful macro situations such as demonetization and implementation of GST. The concentration to any industry is not more than 11%. The table below presents the breakdown of SME gross outstanding loans and gross non-performing assets as at March 31, 2020.

% of Total SME Gross Advances	As at March 31, 2020
	(in %)
Engineering	10.95
Textile	10.26
Retail	8.09
Metals	6.36
Jewelleries	5.27
Agriculture	5.19
Iron/Steel	5.16
Food	4.36
Others	44.35

% of Total SME Gross Advances	As at March 31, 2020
% of Total SME Gross Advances	100.00

SME Gross Non-Performing Assets as % of Gross Advances	As at March 31, 2020
	(in %)
Engineering	1.18
Textile	1.06
Retail	0.66
Metals	0.32
Jewelleries	0.22
Agriculture	4.50
Iron/Steel	2.26
Food	1.71
Others	2.04

Diverse and scalable revenue streams

We offer a wide range of products that generate interest and non-interest income. We provide diversified solutions to the financial and banking needs of our customers, with a focus on cross-selling multiple products to them such as deepening our corporate relationships by cross selling of cash management and transaction banking products and selling of retail asset products, including credit cards, to our retail liability customers. We believe that our combination of diverse product offerings and a relationship-driven approach has enabled us to structure solutions to meet our customers' needs, resulting in sustained revenue generation. Net interest income accounted for 59.70%, 68.12%, 66.41% (not including the extraordinary item of the write down of the Bank's AT I bonds) of the Bank's total net income for the fiscal years 2018, 2019 and 2020, respectively. For the fiscal year 2020, the Bank had a gain from the write-down of its AT I bonds of ₹62,969.45 million (post-tax) which is not included in the calculation of total net income. The decline in net interest income and non-interest income for the fiscal year 2020 was due to the overall shrinking of the advances book, accelerated NPA recognition and lack of corporate fees. We aim to further strengthen our retail segment growth in a calibrated manner. We believe that our focus on the retail and SME business segments enables us to improve the quality of our non- interest income.

The tables below present the Bank's net interest income (which comprises interest earned deducted by interest expended) and non-interest income on a standalone basis and the corresponding growth for each of the periods indicated:

Income Statement Information	March 31, 2018	Increase/ Decrease(1) (%)	March 31, 2019	Increase/ Decrease(1) (%)	March 31, 2020	Increase/ Decrease(1) (%)
	(in ₹ million, except percentages)					
Interest/discount on advances/bills	154,782.36	26.77	229,226.41	48.10	212,611.88	(7.25)
Income on investments	41,025.31	8.05	60,484.22	47.43	42,609.21	(29.55)
Interest on balances with Reserve Bank of India and other inter-bank funds	5,160.73	100.17	3,975.74	(22.96)	2,103.68	(47.09)
Others	1705.811	6.47	2,561.12	50.14	3,341.28	30.46
Total Interest Income	202,674.22	23.40	296,247.47	46.17	260,666.04	(12.01)
Interest on deposits	93,834.14	14.38	136,871.14	45.86	120,052.79	(12.29)

Income Statement Information	March 31, 2018	Increase/ Decrease(1) (%)	March 31, 2019	Increase/ Decrease(1) (%)	March 31, 2020	Increase/ Decrease(1) (%)
	(in ₹ million, except percentages)					
Interest on Reserve Bank of India/ inter-bank borrowings/ Tier I and Tier II debt instruments	29,840.50	34.16	60,764.72	103.63	66,661.23	9.70
Others	1,628.99	(18.15)	521.30	(68.00)	5,899.71	1,031.74
Total Interest Expense	125,303.62	17.91	198,157.16	58.14	192,613.73	(2.80)
Net Interest Income	77,370.59	33.46	98,090.31	26.78	68,052.31	(30.62)
Non-Interest Income	52,238.34	25.67	45,901.53	(12.13)	34,414.90	(25.02)
Total Net Income	**129,608.93**	**30.21**	**143,991.84**	**11.10**	**102,467.30**	**(28.84)**

Note:

(1) Year-on-year comparison.

Non-Interest Income	March 31, 2018	Increase/ Decrease(1) (%)	March 31, 2019	Increase/ Decrease(1) (%)	March 31, 2020	Increase/ Decrease(1) (%)
	(in ₹ million, except percentages)					
Commission, exchange and brokerage	41,379.64	31.78	36,361.45	(12.13)	15,261.94	(58.03)
Profit on the sale of investments (net)	5,134.74	(27.81)	3,174.84	(38.17)	11,134.58	250.71
Profit/(Loss) on sale of land, building and other assets	(12.89)	- (2)	3.95	(130.62)	3.28	(16.85)
Profit on exchange transactions (net)	2,315.71	127.27	1,570.30	(32.19)	3,731.96	137.66
Miscellaneous income	3,421.14	68.01	4,790.99	40.04	4,283.15	(10.60)
Total Non-Interest Income	52,238.34	25.67	45,901.53	(12.13)	34,414.90	(25.02)

Note:

(1) Year-on-year comparison

(2) Not meaningful.

The table below presents the breakup of Bank's other income as per internal segmentation and product groups on a standalone basis and the corresponding growth for each of the periods indicated:

Other Income	March 31, 2018	Increase/ Decrease(1) (%)	March 31, 2019	Increase/ Decrease(1) (%)	March 31, 2020	Increase/ Decrease(1) (%)
	(in ₹ million, except percentages)					
Corporate Trade & Cash Management	6,724.90	1.67	8,617.06	28.14	6,078.64	(29.46)
Forex, Debt Capital Markets & Securities	10,948.10	5.1	5,331.41	(51.3)	12,295.67	130.63
Corporate Banking Fees	22,548.40	30.72	17,109.38	(24.12)	1,110.01	(93.51)
Retail Banking Fees	11,678.14	42.39	14,529.30	24.41	14,591.39	0.43
Trade & Remittance	4,078.10	75.75	5,131.24	25.82	3,543.33	(30.95)

Other Income	March 31, 2018	Increase/ Decrease[1] (%)	March 31, 2019	Increase/ Decrease[1] (%)	March 31, 2020	Increase/ Decrease[1] (%)
			(in ₹ million, except percentages)			
Facility / Processing Fee	2,551.60	62.42	2,881.80	12.94	2,462.03	(14.57)
Third Party Sales	1,386.70	(25.11)	1,212.19	(12.58)	1,028.77	(15.13)
Interchange Income	2,184.75	3.17	2,981.54	36.47	5,160.81	73.09
General Banking Fees	1,476.99	(18.67)	2,322.53	57.25	2,396.49	3.18
NPA Writeback	338.8	(22.82)	314.38	(7.21)	339.19	7.89
Total Non-Interest Income…………..	**52,238.34**	**25.67**	**45,901.53**	**(12.13)**	**34,414.94**	**(25.02)**

Note:

(1) Year-on-year comparison.

We believe that our execution capabilities are reflected in the growth of our business across our various business streams since the inception of the Bank but has been impacted due to frequent changes in management, legacy asset quality issues which led to stakeholder concerns on liquidity and capital inadequacy.

Our average cost of funds on interest bearing liabilities increased from 5.92% in fiscal year 2018 to 6.34% in fiscal year 2019 and further to 6.74% in fiscal year 2020. This was led by, increase in our average cost of savings deposits (interest expense divided by the average monthly balance for the relevant period) from 5.95% in fiscal year 2018 to 5.94% in fiscal year 2019 and further to 6.10% in fiscal year 2020, and also increase in our average cost of borrowings from 6.10% in fiscal year 2018 to 6.26% in fiscal year 2019 and further to 6.97% in fiscal year 2020.

Our CASA ratio has dropped while our retail term deposits as a percentage of total deposits have increased due to the withdrawal of corporate deposits. The Bank's CASA ratio stood at 26.63% as at March 31, 2020, with an absolute current account decline of ₹193,264.14 million or CAGR of (42.59)% and an absolute savings account decline of ₹257,869.26 million or CAGR of (35.30)% from March 31, 2018 to March 31, 2020. Our CASA per branch was ₹665.24, ₹671.90, ₹247.25 for fiscal year 2018, 2019 and 2020, respectively

During the same period, the Bank had an absolute term deposits decline of ₹502,608.64 million or CAGR of (22.15)% from March 31, 2018 to March 31, 2020. However, the proportion of the Bank's retail deposits (CASA deposits and retail term deposits) to total deposits increased from 57.24% in fiscal year 2018 to 58.78% in fiscal year 2019, and further to 63.61% in fiscal year 2020.

Strong governance and underwriting framework

We believe that we have simplified organization structure and an independent risk management function covering enterprise risk management, credit risk, market risk and operational risk that contributes to preserving our asset quality among other risk objectives. Our risk management function is overseen by the Risk Monitoring Committee, an independent board-level sub-committee that strives to put in place specific policies, frameworks and systems for effectively managing the various risks. These policies and procedures are constantly reviewed and updated. We have a dedicated independent risk management department that comprises various units responsible for evaluating and underwriting credit; formulating independent ratings and reviewing monitoring and reporting of all risk control parameters and recommending appropriate corrective actions where necessary; and ensuring compliance with internal policies and regulatory guidelines. The risk underwriting and risk oversight functions have been separately delegated to the Chief Risk Officer ("**CRO**") and Chief Credit Officer ("**CCO**"). The CRO would report directly to the Risk Monitoring Committee of the Board.

We continue to pro-actively recognize our NPAs to make our overdue loan recognition robust. As of March 31, 2020, Bank's gross and net NPAs amounted to ₹32,8775.90 million, or 16.80% of total gross advances, and ₹8,6237.80 million, or 5.03% of total net advances, respectively with a healthy provision coverage ratio of 73.77%. According to the RBI's Financial Stability Report released in December 2019, the industry level GNPA was 9.3% as of September 2019.] In addition, our total outstanding standard restructured advances amounted to ₹1,716.16 million, or 0.09% of gross advances, as of March 31, 2020.

We have also established a separate vertical for stressed asset resolution with specialized skill set. As at March 31, 2020, the team comprises 34 members. With a separate vertical set up, the management will be able to focus in unlocking the value from the stressed assets pool.

Knowledge-based approach to banking enabling cross-selling

We utilize a knowledge-based approach to banking that we believe differentiates us from our competitors and enables us to provide our customers with well-informed, customized and risk-mitigated solutions. The Bank is increasing its thrust in liabilities with a focus on Transaction Banking. We deliver sector-focused advice, products and services using teams of professionals with sector-specific knowledge such as in sectors like pharmaceuticals, media and entertainment among others, which we believe has helped us to develop and continue to grow our corporate banking franchise. We believe that this approach also solidifies our relationships with our customers, by allowing us to develop those existing relationships to cross- sell our full range of product and service offerings.

Wide Pan India Presence

Our pan-India network has grown from 1,100 branches as at March 31, 2018 to 1,135 branches as at March 31, 2020 across 28 states and eight union territories. As at March 31, 2020, we have 215 branches in the rural areas, 298 branches in the semi-urban areas, 236 branches in the urban areas and 386 branches in the metro areas. Approximately 85% of our branches are with more than three years vintage. Since commencing operations in 2004, our physical network of branches has grown significantly. We have a balanced mix of branches in rural, metro, semi-urban and urban areas. We have established a platform to aggressively ramp up low cost retail deposits and offers a complete suit of products with customers at the fore, including superior experience through digital channels. We also operate through an extensive nationwide network of 250 hub branches, 850 spoke branches, more than 500,000 business correspondents as on March 31, 2020, that provide a strong sales platform, which enables us to cross-sell our products and deliver high-quality and convenient services. We offer a wide array of traditional asset and liability products and services to our customers and are continuously working to offer additional products that are specially tailored to meet the needs of our diverse customer base. We provide internet and mobile banking services that offer 24-hour access to customer accounts and the ability to remotely conduct routine banking transactions, such as online bill payment and application for lines of credit.

Award-winning quality of service with customer centric approach

We aim to regularly monitor current processes, benchmark them against our competitors and incorporate best practices. We also seek to disseminate knowledge across our workforce and to introduce robust mechanisms for process improvement. The process management function seeks to facilitate the ease of execution of transactions through the automation of manual processes and is also responsible for ensuring the effectiveness of training for our employees. In April 2020, the Bank made extensive customer contacts across all sales and services roles to regain the confidence of its customers.

We have been recognized as winner of the “Most Customer Centric Bank” in the medium-size banks category and runner up for “Best Technology Bank of the Year” and “Best use of Data & Analytics” in the medium-size banks category at the Indian Banks’ Association Banking Technology Awards 2017-2018, and “Best Bank in India for SME” at the Asiamoney best bank awards: India, in 2019.

In addition, our internal functions have earned various ISO certifications as follows, demonstrating our commitment to quality and service excellence:

(1) ISO 14001:2015 – (1) Centralized operations related to trade finance, (2) Credit administration, (3) liabilities and investment management operations, (4) clearing and cash management, (5) treasury operations, Depository participants operations and (7) Retail asset operations

(2) ISO 31000:2009 – Enterprise Risk Management System of YES Bank Limited covering all departments and functions at the Corporate Office, National Operating Centres, Designated Offices, Branch Offices and all Channels

(3) ISO 27001:2013 – Information Security Management System

(4) ISO 22301:2012 – Business Continuity Management System

Our Strategies

We are constantly evaluating our strategy, with the aim of maximising the potential of our operations, including branches, ATMs, employees, customer base, loan book and strengthening of our balance sheet.

The objectives that form our near- to medium-term business strategies are described below:

Liability Led Business Model

As part of our growth strategy, our transaction banking group has been identified as a key area of growth. We will continue to invest resources to diversify our corporate, business banking and retail banking portfolio, with a focus on the retail and SME business segments. We have adopted a liability-led acquisition strategy in metro and urban areas and an asset-led operating model in semi urban and rural areas. While our CASA ratio reduced from 32.1% to 26.63% from December 31, 2019 to March 31, 2020 due to the substantial withdrawal of deposits during the fiscal year 2020, we are committed to increasing the volume of our CASA and granular term deposits.

Key elements of this strategy are the identification of current account corporate customers for preferred cash flow lending and working capital lending, and offering them a range of customized products, including wealth products targeted at their owners, promoters and directors, salary accounts and cash management and liquidity management solutions.

We have undertaken the following initiatives:

- expanded our distribution network to provide better access to customers, evidenced by an increase in the number of branches from 1,100 as of March 31, 2018 to 1,135 as of March 31, 2020 and increase in business correspondents from 64,854 as of March 31, 2018 to more than 500,000 as of March 31, 2020;
- collaborating with Fintech companies to identify potential geographies;
- cross-sell of liability products to new credit customers;
- utilizing branch channel, manufacturing tie-ups and technology aided service delivery;
- offering a higher savings rate to customers, following the RBI's deregulation of savings bank deposits rates in October 2011, which has led to a significant improvement in our savings bank deposits balances and new account openings;
- offering targeted products such as 3-in-1 accounts, family accounts, salary accounts and specialized accounts for employees of central government, state government, public sector units and for defense forces with select privileges and relationship pricing on certain types of banking offerings;
- Government-to-Customer partnerships focused on expanding our customer base through initiatives such as partnerships with state government and digitizing their payments system;
- leveraging digital channels with overlay of CRM and analytics to enhance productivity and servicing; and
- ensuring seamless service by leveraging investments in digital and technology capabilities.

Sustainable and diversified revenue generation

We intend to increase our customer base in our Corporate Banking, Medium Enterprises Banking, SME Banking and Retail Banking business segments through a focused customer relationship management approach. The strategy is to ensure sustainable and diversified revenue generation by granularizing the business. As part of our corporate strategy, we continue to invest in the transaction banking group, with the aim to improve revenue generation through the use of digital platforms.

In order to further develop our retail liabilities business, we incorporated YES Securities (India) Limited in March 2013 which provides brokerage, investment banking and other services. The brokerage business complements our retail offering and wealth management proposition. We have also launched a full suite of retail asset products, including secured business loans, cars loans, super bike loans, commercial vehicle loans, construction equipment loans, loans against securities, gold loans, personal loans, home loans and credit cards. Further, we have incorporated YES Asset Management (India) Ltd ("**YAMIL**") and YES Trustee Ltd

("**YTL**") as wholly-owned subsidiaries. YTL will be the legal owner of the property of the mutual fund (with the beneficial ownership vesting in the unit holders of the mutual fund) and will hold the same in trust for the benefit of the unit holders of the mutual fund. YAMIL has been appointed as the investment manager of the mutual fund by YTL. We believe that our three subsidiaries will allow us to provide more holistic wealth management service in the private banking sector. We aim to expand our business engagements with existing customers by building on the existing customer relationships and cross-selling our banking and advisory products. We expect that these initiatives will further diversify our sources of revenue.

We will also seek to enhance our corporate flows and cross sell through transaction banking by essentially adding value across corporate's value chain through customized products or solutions to the suppliers or employees or trade partners, as well as the distributors or buyers or retailers to finally the individual customers of the large corporates.

We will continue to rebuild liabilities and liquidity buffers. After the withdrawal of the moratorium, we have constantly sought to improve our payment and cash management services and regained businesses from our customers. The number of retail fixed deposit accounts opened in the month of April in 2020 was the highest in fiscal year 2020.

We will continue to actively manage our portfolio of loan as we seek to diversify and rebalance our portfolio for less corporate loans in favour of more retail loans.

Focus on cost optimization

We will continue to focus on effective cost management through manpower optimization, process improvements such as digitization of credit sanction process and investment reviews, and centralization of credit monitoring and analytics led cost monitoring. We will also review the consolidation, relocation and reformatting of our branch network. We target minimum 5% fixed cost savings in the fiscal year 2021.

Enhancing brand value and strengthening corporate governance

The YES Bank brand value has been impacted due to all the events which have unfolded in the fiscal year 2020. However, the new Board and management intend to rebuild our brand and focus on improving customer sentiment by engaging in various activities such as advertising across print media, radio, television and the internet, domestically and abroad.

As part of our brand value, we continue to focus on initiatives that will enable us to strengthen our corporate governance. A good governance structure, access to capital and due consideration for a broader economic and business environment are essential to the execution of this strategy. Regulatory compliance is critically important to us, serving to protect our integrity and reputation and foster trust among stakeholders. Compliance with regulatory requirements forms the basis of good corporate governance within the Bank. We are committed to a high standard of corporate governance for the long-term sustainability of our business. We have adopted a framework of policies and adopt the best practices that reflect our commitment to accountability, transparency and protection of stakeholders' interests. Our internal policies and procedures ensure that our activities and operations comply with existing regulatory requirements, and we regularly monitor, evaluate and audit the processes to ensure that they remain robust to meet the challenges of our activities and operations.

Leverage digital capabilities to scale business

We are committed to technological leadership and the development of innovative and high quality products in order to meet both the growing demands of our customers and with regard to increasingly stringent regulatory requirements. We adopt the use of data analytics to further cross-sell and upsell various products across the corporate and retail segments. As a new generation bank, we have deployed technology that we believe will help us gain a competitive advantage over our competitors and achieve high standards of customer service. Our digitalization strategy focuses on initiatives aimed at ensuring efficient and effective operations, and transformative technologies that could further enhance our business. Through our initiatives and partnerships with stakeholders across private and public sectors, we have expanded our digital connectivity. In addition, we intend to continue to develop technology-based solutions in conjunction with robust processes and controls through centralized operations and investment in risk management. This is a key focus area in light of our growth plans and the potential challenges in achieving them. Some of our strategic initiatives include plans to revamp our retail net banking platform in fiscal year 2020 to provide an enhanced user interface, launch an application that consolidates our customer data to create a single view of customer's relationship with us for our relationship managers and the establishment of four data centers in Mumbai and Bangalore to ensure business continuity. We have also launched our Fintech program where we have developed a platform to co-create and interact with startups and technology companies.

Strengthen risk management framework

We are actively focused on evaluating our enterprise, credit, market and operational risks and we intend to optimize our capital needs for growth to achieve high returns on capital and explore various fundraising opportunities (including, but not limited to, preferential offerings or rights issue) while managing and mitigating risks appropriately. We have adopted transformative technologies to augment our risk management framework by designing robust systems and processes, utilizing digital innovations. We have robust risk filters and systems that enable us to detect early warning signals and embrace appropriate proactive actions. Our risk management framework is forward-looking and includes coverage of environmental and climate risks. Our environment and social policy recapitulates our commitments to mainstream environmental and social issues, strategically as an integral dimension of business. It enables us to develop processes to recognize, evaluate and monitor the environmental and social facets of our banking operations and stakeholders, which reinforces our commitment to sound sustainability practices. We will continue our investments to fortify the resilience and reliability of IT and information security systems to enable seamless customer services and mitigate various aspects of cyber related threats and risks. This will facilitate us in continuing to offer a vast array of digital products and services to customers and promote safe, secure and convenient banking. The risk underwriting and risk oversight functions have been separately delegated to the Chief Risk Officer ("**CRO**") and Chief Credit Officer ("**CCO**"). The CRO would report directly to the Risk Monitoring Committee of the Board. We have also established a separate vertical for stressed asset resolution with specialized skill set, which will seek to unlock the value from the stressed assets pool.

Our Business Segments

The Bank has two separate business divisions, organized by customer type and product offers. Each of these divisions is managed by dedicated relationship teams that focus on serving specific needs of the customer types under it with an enhanced focus on compliance and governance.

These two major divisions are:

- Wholesale Banking Division:
  - (a) Corporate Banking that include Large Corporate; Government Company clients; Multinational Company clients; Infrastructure focussed clients; Financial Institutional Clients;
  - (b) Medium Enterprises.
- Business & Retail Banking Division:
  - (a) Small & Micro Enterprises
  - (b) Retail Banking including Credit Cards and a dedicated rural and agriculture unit.

The table below provides the total amount of net advances made by our various divisions on a standalone basis as of March 31, 2018, 2019 and 2020.

	As of March 31,					
	2018		2019		2020	
	Advances	%	Advances	%	Advances	%
	(in ₹ million, except percentages)					
Corporate Banking	1,381,025.01	67.85	1,583,428.24	65.57	957,477.62	55.85
Medium Enterprises	197,176.42	9.69	188,409.34	7.80	134,186.61	7.83
Small & Micro Enterprises	208,802.12	10.26	240,112.87	9.94	215,219.34	12.55
Retail Banking	248,319.08	12.20	403,045.58	16.69	407,549.38	23.77
Total Advances	2,035,338.63	100.00	2,414,996.02	100.00	1,714,432.94	100.00

Set out below is a description of each of our two business divisions.

Wholesale Banking Division

Our relationship teams in this division provide comprehensive financial and risk management solutions to corporates within a highly competitive market. We believe that, over time, our relationship teams have built long-term relationships with our clients by offering appropriate industry-specific products in a timely manner, developing a thorough understanding of clients' business models and the market conditions they operate in, and by tracking developments in their industry. Our Corporate Banking advances decreased from ₹1,381,025.01 million as of March 31, 2018 to ₹957,477.62 million as of March 31, 2020. Our Medium Enterprises advances decreased from ₹197,186.42 million as of March 31, 2018 to ₹134,186.61 million as of March 31, 2020. We enjoy strong relationships with customers in several sectors, including renewable energy, life sciences and healthcare, information technology, food and agribusiness, manufacturing, infrastructure, media and entertainment, hospitality and education. These companies vary from multinational corporates to Indian financial institutions, and government-owned entities. Our focus is to maximize cash flow-based lending in transaction banking on the back of advanced technology and digital experience.

We have divided our Corporate Banking business into eight specialized and dedicated relationship units to deliver innovative, structured and comprehensive financial solutions through our specialized knowledge banking approach. In April 2020, we completed a reorganisation where multiple corporate products and relationship units have been aggregated into the Wholesale Banking unit which will be asset-light, liability-led and transaction heavy.

The corporate relationship segments are as follows:

- **Corporate Finance – Infrastructure Banking**: offers a combination of advisory services and customized products to assist clients in the infrastructure sector;
- **Corporate Finance – Urban Infrastructure Banking**: provides diversified product offerings including structured finance, realty banking, project advisory and syndication and private equity to the realty, hospitality, healthcare and education sectors;
- **Large Corporate Banking**: caters to large corporates with annual revenue of over ₹10.00 billion;
- **Multinational Corporate Banking**: caters to the financial needs of multinational corporations that seek to increase their footprint in the Indian market;
- **Government Banking**: caters to banking requirements of the Government, public sector undertakings and other government affiliates;
- **Indian Financial Institution Banking**: spearheads relationship development with various banks and financial institutions nationally;
- **International Banking**: offers debt, trade finance, treasury services, investment banking solutions, financial advisory and global Indian banking to international customers; and
- **Medium Enterprise Banking**: provides comprehensive banking solutions to emerging corporate / mid-market / medium-sized enterprises with annual revenue generally between ₹1.00 billion and ₹10.00 billion (*recently increased from earlier ₹1.00 billion and ₹5.00 billion*).

Business & Retail Banking Division

Our Business & Retail Banking division serves two key segments through our branch network, which are business banking ("**Business Banking**") and retail banking ("**Retail Banking**"). Business Banking caters to the banking requirements of small and micro enterprises in identified sectors with annual revenue of up to 1.00 billion, while Retail Banking caters to the requirements of small business (including proprietorship/partnerships) and individual customers.

Retail banking caters to the financial needs of individuals and small businesses, with products ranging from savings accounts, current accounts, term deposits, debit and pre-paid cards, life and non-life insurance, wealth management products to loans, including home loans, personal loans, vehicle loans, gold loans and loans against jewellery. The dedicated rural and inclusive banking channel supports acquisition and servicing of rural assets businesses, namely farmer finance, tractor and equipment finance, micro enterprises and women self-help groups. Our Small & Micro Enterprise advances increased from ₹208,802.12 million as of March 31, 2018 to ₹240,112.87 million as of March 31, 2019 and then decreased to ₹215,219.34 million as of March 31, 2020 at a CAGR of 1.52%. Similarly, Retail Banking advances increased from ₹248.319.08 million as of March 31, 2018 to ₹403,045.58 million as of March 31, 2019 and to ₹407,549.38 million as of March 31, 2020 at a CAGR of 28.11%.

Business Banking

Our Business Banking operation provides banking and advisory services to SMEs in sectors such as infrastructure services, food and agribusiness, life sciences, logistics, education, traders, auto ancillary, electrical and electronic goods manufacturers and other engineering product manufacturers. The Business Banking operation comprises the following two business units based on factors such as revenue, sector and geography, among others:

- **Small Enterprise Banking**: caters to small enterprises with annual revenue generally between ₹0.15 billion to ₹1.00 billion; and
- **Micro Enterprise Banking**: focuses on loans to micro-enterprises with annual revenue less than ₹0.15 billion.

These groups offer a range of services, including fund-based lending (working capital and term financing), inventory financing, healthcare equipment financing, crop lending, cash management, collections and payment solutions, direct banking (phone and internet), trade and treasury services, advisory services and specialized credit underwriting. We believe that the success of our Business Banking is due to the concentration of our branch network across significant SME clusters within India.

Retail Banking

Our Retail Banking operation serves the retail banking and wealth management needs of individual customers, including Indian residents and NRIs as well as small businesses. We believe that our Retail Banking operation delivers long-term value to our customers through effective relationship management, customized product solutions, premium touch points – direct access, research, investment advisory and wealth management services. We offer a comprehensive retail product suite, including secured business loans, car loans, super bike loans, commercial vehicle loans, construction equipment loans, loans against securities, gold loans, personal loans, home loans and credit cards, among others.

Our Retail product offering comprises of:

- **Debit Cards**

  We have upgraded our existing portfolio of debit cards with the introduction of near field communication technology across various card variants to enable contactless payments. Our debit cards, YES Prosperity and YES FIRST, have been carefully customized and designed to cater to the specific needs of our customers. There are approximately 2.9 million debit card users with more than 13 million transactions in the final quarter of fiscal year 2020.

- **ATMs/Recyclers**

  We have 1,423 ATMs and Bunch Note Acceptors/Recyclers ("**BNAs**") as of March 31, 2020. BNAs have been widely accepted by many of our corporate clients as they offer multiple advantages while fulfilling corporate cash collection needs. Our BNAs/recyclers can be used for depositing cash into any other bank account.

- **Digital Banking**

  We continue to invest significantly in new-age mediums and digital technologies such as Core Banking Solution, Debit Card Switch, Mobility Platforms and Chatbots to achieve heightened customer engagement and experience.

- **Point of Sale ("POS")**

  Our terminal base has grown at a CAGR of 10.09%, increasing from 74,208 terminals as of March 31, 2018 to 89,934 terminals as of March 31, 2020.

- **Currency Chest**

  We are expanding our network of currency chests and small coin depots. At present, we have two currency chests which are operational in Delhi and Mumbai. The establishment of currency chests helps to increase the efficiency of currency management in the banking system. During the fiscal year 2020, it ensured optimum supply of fresh and issuable currency across all touchpoints.

- **Contact Center**

  We have a dedicated inbound contact center for liability, asset and credit card customers to resolve queries, complaints and service requests in three locations: Mumbai, Chennai and Gurugram. The contact center offers multilingual services in English and regional languages.

- **YES First**

  "YES First" is the flagship offering for the high net worth individuals (HNI) segment of our customer base. It encompasses a range of products across liabilities and assets, along with a comprehensive suite of wealth management solutions. The relationship-led proposition is coupled with debit and credit card offerings that provide a host of leading features catering specifically to the needs of this segment. It offers a combination of high-service standards, expertise in wealth management, value-added services, concierge solutions and premium lifestyle privileges to high net worth individuals.

- **YES Premia**

  We have launched a dedicated offering for the affluent segment of customers, which is positioned between our existing YES FIRST and YES Prosperity programs. It addresses the needs of both individual and non-individual customers. We have attained a critical mass of affluent customers and have accordingly identified the requirement to create a separate strategy, which entails providing cutting-edge solutions across products and services, including but not limited to, YES Premia debt and credit cards and a dedicated relationship manager. Furthermore, we have developed the first analytical algorithm model, which provides talking points to the relationship managers. The model is aimed at improving customer engagement and cross-sell.

- **Global Indian Banking**

  We offer a range of premier banking products and services for Indians settled globally across the globe and strive to continually enhance these offerings. In fiscal year 2019, we witnessed a host of developments to expand our product offerings globally across our "Global Indian Banking" proposition. We accelerated our digital interface with the launch of YES Robot, which provides real-time responses to customer queries. We have augmented our inward remittance solution, YES Remit, for NRIs based out of Canada. We have also introduced a user interface, YES Remit mobile application; an application which enables mobile access. Overdraft facility against foreign currency non-repatriable deposits was launched to help NRI customers meet their urgent financial requirements. We strengthened our portfolio investment scheme offering by launching the Power of Attorney facility for custodians and brokers. We also organized the NRI Festival in fiscal year 2019 to enhance the visibility of our NRI services by engaging with various NRI associations, clubs and societies across the country and overseas.

- **Credit Cards**

  We offer various variants of credit cards across our flagship customer segments of YES Private, YES First, YES Premia and YES Prosperity. We focus on salaried and self-employed customers. We have also launched the commercial cards product line. Commercial cards cater to Business-to-Business spends of corporates and offer another engagement opportunity for us to further deepen the Wholesale Banking relationship. The total number of cards outstanding as on March 31, 2020 is 873,454.

- **Retail Banking Assets**

  We have expanded our product offering by aligning working capital under Micro Enterprises Banking Group for customers with turnover of up to ₹0.15 billion within the overall Retail Banking Assets Group. This will help us strengthen our retail offering and enhance customer satisfaction. We offer a wide range of retail loan products such as home loans, car loans, super bike loans, commercial vehicle loans, construction equipment loans, loans against securities, gold loans, personal loans, secured business loans, health care finance and printing equipment finance, along with working capital.

- **Retail Banking Liabilities**

  Our retail banking liabilities offerings include a wide array of products catering to varied needs of our customers across the spectrum. Our current account deposits, savings account deposits and term deposits products are bundled with an added array of services and customized in the form of product offerings such as, salary accounts, YES GRACE accounts for women, YES RESPECT accounts for senior citizens, NRI savings accounts, FUTURE GREEN deposits, Instant FD, among others. Our retail banking offerings are further expanded by our partnership with Chalo in introducing contactless travel cards for public transport. It is a scalable platform to empower commuters.

The table below provides the current account deposits, savings account deposits, retail term deposits, certificate of deposits and other term deposits on a standalone basis as of March 31, 2018, 2019 and 2020.

	As of March 31,					
	2018		2019		2020	
	Deposits	%	Deposits	%	Deposits	%
			(in ₹ million, except percentages)			
Demand Deposits	288,257.25	14.36	285,420.87	12.54	94,993.11	9.02
Savings Bank Deposit	443,504.51	22.09	467,112.35	20.52	185,635.25	17.62
Retail Term Deposits	417,320.15	20.79	585,345.23	25.72	389,601.43	36.98
Certificate of Deposits	63,529.27	3.16	15,486.34	0.68	69,352.88	6.58
Other Term Deposits	794,770.30	39.59	922,737.04	40.54	314,056.77	29.81
Total Deposits	2,007,381.48	100.00	2,276,101.82	100.00	1,053,639.43	100.00

- **Rural and Inclusive Banking**

  We have an entrenched presence in the rural and semi-urban segment with a network of approximately 504 banking outlets. The Rural and Inclusive Branch Banking provides a wide array of customized product propositions across liabilities, assets and third-party insurance and investment segments. We have launched differentiated asset products in farmer finance, allied agriculture finance, farm mechanization finance and micro-enterprise finance space to cater to the multi-faceted needs of the "RURBAN" customers. We continue to proactively engage with the local community and have conducted over 2,481 financial literacy camps in the rural and semi-urban geographies in fiscal year 2020.

  Our Food and Agribusiness Strategic Advisory and Research ("**FASAR**") group has also emerged as India's premier food and agribusiness knowledge unit advising multiple entities in the domestic food and agriculture industry. FASAR provides advisory services to its clients in relation to their strategies and projects, and works closely with government ministries and agencies on several key policy initiatives of national importance in relation to food processing, agriculture and commerce and industry.

The following table sets out the number of branches and ATMs in our network as of March 31, 2018, 2019 and 2020, respectively.

	As of March 31,		
	2018	**2019**	**2020**
Branches..	1,100	1,120	1,135
ATMs...	1,724	1,456	1,423

As of March 31, 2020, our total number of branches was 1,135. A summary of our branches as categorized by region and by the type of branch as of March 31, 2020 is set out below.

Type of Branch	As of March 31, 2020 Number of Branches[(1)]
Metropolitan	386
Urban	236
Semi-urban	298
Rural	215
Total	**1,135**

Note:

(1) Classification as on the date of the opening of branches at the respective locations.

Region in India	As of March 31, 2020 Number of Branches[(1)]
North	422
West	488
Central	4
East	67
South	154
Total	**1,135**

International Footprint

We have established our international presence through a representative office in Abu Dhabi, United Arab Emirates, in April 2015. The representative office facilitates a host of banking, financial and investment consultation services in the UAE and plays a significant role in promoting our services to the NRIs in the country. In addition, it provides brand value and promotes our visibility in the UAE.

We were the first bank in India to commence operations at the International Financial Services Center in GIFT City, Gujarat, in October 2015. The balance sheet size of our IFSC Banking Unit is U.S.$1,868.80 million as on March 31, 2020.

GIFT-IFSC Banking Unit provides comprehensive solutions for our clients' foreign currency banking requirements in the areas, including but not limited to, cross-border trade, external commercial borrowings and foreign currency loans, syndications and arrangement, underwriting of Masala bonds issuance by Indian corporates.

Product Capital

Product capital is our selection of various products and services that suit the needs of our customers which includes the following:

Transaction Banking

Transaction banking is an effort at reorganizing several disparate transaction-based activities into a single commercial business unit. It offers the Bank with a global reach, intelligent customer segmentation and optimized working capital solutions. The growing importance of transaction banking in the corporate space stems from the need for corporates to manage working capital, liquidity and risk more efficiently.

The Bank's transaction banking group ("**TBG**") specializes in providing commercial banking offerings comprising of cash management services, escrow and capital market services, trade finance, structured trade and supply chain finance, foreign exchange & bullion services. The team comprises sales and product subject matter specialists, who are able to understand and fulfill the financial and transactional requirements of the customers. The comprehensive suite of offerings is offered under the brand name "YES Transact", with offerings mainly catering to the working capital and liquidity management requirements of its customers, further categorized into following:

- cash management services for collections and payments;
- customized and innovative digital solutioning, including our market-leading API banking backed solutions;
- digital solutions for Central and State Government entities;
- fiduciary services (including escrow, nodal and under the Real Estate Regulation and Development Act);
- solutions for the Trusts, Associations, Schools and Clubs segment;
- trade finance – letters of credit, bank guarantees, export credit, import credit and supply chain financing;
- regulatory international trade advisory, including current and capital account transactions;
- structured trade finance and receivable finance including factoring;
- foreign exchange services (inbound and outbound remittances); and
- bullion sales and gold metal loan.

Digital transaction banking is one of the key aspects of TBG which leverages product and technology expertise to offer innovative digital solutions. There is an enhanced focus on digitization of customer offerings and internal processes with the aim of gaining competitive advantage in the market and providing superior customer experience. The group has strengthened its focus on its digital strategy by building synergies across different product verticals, enabling unique opportunities for customers, building new age products and co-creating with Fintech partnerships. The corporate net banking online platform provides comprehensive digital coverage across cash management, trade finance and supply chain finance solutions to corporate clients and their constituents.

The TBG drives the digitization initiatives for the corporate segment within the Bank through the use of application programming interfaces ("**API**") banking and fintech partnerships as key differentiators in the market. TBG has been building on its successful API banking, which offers bespoke integration between the Bank's corporate segment and its internal systems. The Bank has been on the forefront of digital innovation with "API Banking". Since its introduction in September 2015, the Bank's API banking franchise has grown with more than 350 API services and over 1500 implementations which can be used in varying combinations to co-create unique solutions for our corporate customers.

TBG's efforts are further complemented by the "Corporate Service Excellence" unit which works closely with TBG to enhance the customer experience at the outset. TBG's focus on customer experience and product innovation has led to many awards and accolades from various reputed institutions worldwide.

Financial Markets

The Financial Markets group is supported by experienced professionals and leading technology. We offer a comprehensive range of financial market products and services to our clients. The Foreign Exchange (FX) Sales business provides spot and derivative products for efficient hedging of foreign currency and interest rate exposures of our institutional, corporate, SME and retail customers. We have operationalized a new workflow and internal foreign exchange rate booking system for smoother and faster processing of remittances, which has helped in reducing turnaround times and thereby enhancing customer experience. The online foreign exchange booking platform also extends to SME and retail customers to facilitate a faster rate booking experience.

Our well-established debt capital markets business originates and distributes onshore non-convertible debentures ("**NCDs**"), offshore Masala and foreign currency bonds, commercial papers and other structured instruments. We continue to be an active market maker in the Indian corporate bond market and have been a leading contributor in deepening the bond market in India while introducing numerous first-time issuers to the corporate bond market. During fiscal year 2020, our DCM business successfully executed debt capital raising transactions for several companies across diverse sectors, including media, renewables, metals, cement and pharmaceuticals.

The transaction structures ranged from vanilla NCDs to structured debt issuances, including renewable asset pooling structure, share-backed NCDs, securitization of infrastructure assets and bank Tier II capital. We were ranked 4th by Prime Database in the "Private Issuers – Manufacturing/Services" category of the Arrangers League Table and were ranked 6th in the "All Issuers Category" league table by Prime Database for fiscal year 2019. Further, we were ranked No. 5 by Bloomberg in the India Domestic Bonds League Table for 2018.

We are a Primary Dealer ("**PD**") for the Government of India's securities and as part of this mandate, we underwrite and bid for these securities in auctions held by the RBI. The PD desk actively trades and distributes dated securities, T-bills and State Government Bonds, thereby encompassing the complete suite of sovereign debt products. As of the date of this Prospectus, we are not in compliance with the Master Direction – Operational Guidelines for Primary Dealers dated July 1, 2015 issued by the RBI. For details, please see "*Risk Factors - We are not in compliance with the terms of our primary dealership licence*" on page 47.

The FM Group also conducts proprietary trading to maximize earnings by optimal risk-taking across fixed income and global foreign exchange markets. In addition, it is responsible for balance sheet management, liquidity monitoring, maintenance of cash and statutory reserve requirements and day-to-day fund management of the Bank. Subordinated and hybrid debt capital for the Bank is also raised by the FM Group. On March 16, 2020, Moody's placed our Bank's long-term foreign currency issuer rating to (P)Caa1 from (P)Caa3. Our long-term rating is:

- BB (hyb) for Basel III Tier II, BB+ for Basel II Lower Tier II, D for Basel II Upper Tier II, D for Basel II Tier I, BB+ for Infrastructure bonds and D (hyb) for Basel III Additional Tier I by ICRA Limited, on June 23, 2020;
- IND B+/RWE (Basel III Tier II bonds) IND BB-/RWE for Infrastructure bonds and for Long-Term Issuer Rating by India Ratings and Research Private Limited, on March 18, 2020;
- B (for Lower Tier II and Infrastructure bonds), D (Upper Tier II) C (Basel III Tier II) and D (Perpetual bonds (Basel II)) – Negative outlook by CARE Ratings Limited, on June 23, 2020;
- D for Lower Tier II, Upper Tier II, Hybrid Tier I and Innovative Perpetual Debt Instruments) – Negative outlook by Brickwork Ratings, on March 6, 2020; and
- CRISIL BBB/Stable, Tier II bonds (under Basel III) and infrastructure bonds, CRISIL A2 for certificates of deposit on June 5, 2020.

Loan Syndications

The loans syndication team has created a strong brand equity across stakeholders including banks, NBFCs and other financial institutions. In recent years, the team has demonstrated strong credit appraisal and structuring skills as well as sectoral knowledge, which has been well appreciated across the stakeholder spectrum. The team has consistently distributed strong corporate loan exposure to banks and financial institutions, improving capital churning and effective yields on the Bank's advances.

The Bank's loans syndication team has successfully placed underwritten deals aggregating to approximately ₹260.00 billion in fiscal year 2020, significantly improving our return on equity on underwritten transactions. The portfolio comprises a range of sectors, including the manufacturing, renewable energy, roads, airports, power transmission, ports and real estate sectors.

The team's consistent performance has placed us among the top three India Rupee Loans Mandated Arranger, in India in 2018 syndicators (domestic currency segment) in the League table ranking by Refinitiv.

Stressed Asset Resolution Group

We have also established a separate vertical for stressed asset resolution with specialized skill set. As at March 31, 2020, the team comprises 34 members. With a separate vertical set up, the management will be able to focus in unlocking the value from the stressed assets pool. We have streamlined the mechanism to transfer identified pool of work out assets to this unit, which will aid in early initiation of resolution plans for stressed assets and thereby potentially improve the recovery rate. This pool will largely consist of funded exposures which have been already classified as NPA or NPI, security receipts and standard restructured accounts, as well as non-fund based exposures in accounts already classified as nonperforming. Such a segregation and transfer would facilitate an easier means of strategic spin-off to a separate legal entity or even sale to an ARC at a later stage.

YES Securities India Ltd ("YSIL")

Our wholly-owned capital markets subsidiary, YSIL, completed seven years of operations in fiscal year 2020. YSIL is a full-scale capital markets intermediary offering retail, high net-worth individuals and corporate customers a comprehensive range of products and services, which encompass investment banking (including a dedicated sustainable investment banking practice), merchant banking, wealth broking, investment advisory, research and institutional equities sales and trading. YSIL is a registered stock broker with SEBI and a member of NSE, BSE and MCX. YSIL is also a SEBI-registered Category I Merchant Banker, Investment Advisor and Research Analyst.

YSIL provides the following services:

Wealth Broking

In fiscal year 2020, YSIL's wealth broking business continued to enhance its product and service proposition to offer customers a more comprehensive investment management experience. YSIL's online trading platform is available on the web and as a mobile application. The business witnessed consistent growth in client transaction volumes further complementing the growing engagement between high net-worth clients and the dedicated dealing desk.

In fiscal year 2020, YSIL witnessed a 95% year on year growth in broking and interest on delayed payment income and 146% year on year growth in Asset Under Advisory (AUA) within the Portfolio Investment Advisory (PIA) proposition, which is a testament to YSIL's strong relationship with its clients and advisory product performance.

Some key developments in YSIL included the launch of a dedicated currency desk and a hedging desk and it has also further strengthened its research credentials. YSIL continues to offer clients margin trading facility, an exchange-approved product, which offers leverage to clients to maximize their profit potential

In fiscal year 2020, YSIL took significant strides in achieving the long-term vision of establishing themselves as a research-backed and client-centric multi-asset wealth solutions provider. YSIL has a strong product team with expertise across asset classes, namely equity, derivatives, debt, advisory/fund management, commodities, currency, as well as a dedicated team focusing on developing digital products. During fiscal year 2020, YSIL's strengthened research team expanded its research coverage universe across fundamentals of companies, themes across sectors, derivative strategies and technical analysis.

Investment Banking

The Investment Banking team provides mergers and acquisitions and capital advisory services to large and mid-market corporate and financial sponsor clients through key products such as mergers and acquisition advisory and private equity fund-raising.

YSIL's highly experienced teams offer expertise across a variety of sectors including food and agribusiness, media and entertainment, consumer markets, infrastructure and engineering, procurement and construction, banking, financial services and insurance, internet and e-commerce, industrials and logistics to corporate clients.

Merchant Banking

YSIL's merchant banking practice has a strong focus on capital market activities offering a comprehensive bouquet of products including initial public offerings, qualified institutions placements, rights issues, open offer, buyback, delisting and other advisory services.

During fiscal year 2020, YSIL successfully engaged with Indian companies as a fund-raising partner for their capital market requirements.

Institutional Sales and Trading

Fiscal year 2020 was a significant year as institutional brokerage rose by approximately 275% as compared to fiscal year 2019.

YSIL successfully secured empanelment as broker across major asset management and insurance companies. As of May 29, 2020, YSIL is empanelled with 36 institutions.

Equity Research

YSIL's research team was significantly strengthened in fiscal year 2020.

The research coverage universe has expanded to 104 companies, accounting for around 36% of India's listed market capitalization, as at May 29, 2020. Besides fundamental capabilities, YSIL's analysts also have expertise in technical and derivative analysis

YES Asset Management

Our wholly-owned subsidiary, YES Asset Management (India) Limited ("**YAMIL**"), was incorporated on April 21, 2017. We were granted approval by SEBI on July 3, 2018 to act as an Asset Management Company and Investment Manager to YES Mutual Fund.

YAMIL seeks to build a strong mutual fund franchise to provide a complete suite of financial products for all its investors. The team comprises seasoned professionals with rich experience in financial services and mutual funds. YAMIL combines its investors' and stakeholders' interests by bringing out optimum solutions for its investors. It is currently focused on providing liquidity management solutions to corporates, high net worth individuals and retail investors and has received SEBI's approval to launch three mutual funds (liquid, overnight and ultra short-term fund). For the year ended March 31, 2020, YAMIL's average asset under management amounted to ₹7,481.55 million.

YES Trustee Limited

YES Trustee Limited ("**YTL**") was incorporated on May 3, 2017 as our wholly-owned subsidiary. It is acting as a trustee company to YES Mutual Fund ("**YMF**"). It will provide trusteeship services to all the funds launched by YMF.

Service and Technology Processes

We believe that our back-end operations and technology infrastructure are critical to ensuring that we deliver effective customer service and seamless operations. These critical back-end functions include key business functions such as quality assurance, technology solutions, risk management, internal audit and human capital.

Business processes

We incorporate sustainable practices into our business processes to achieve added efficiencies and generate long-term growth. We believe that this ensures an effective maintenance mechanism through ongoing feedback as well as resolution of complaints raised by employees and customers. We have implemented the following business processes initiatives:

- three national operating centers ("**NOCs**") based in Mumbai, Gurugram and Chennai established with a focus on providing an immediate response to customer requests and to provide business continuity planning. The NOCs house the centralized back-office functions of various businesses, including the YES Touch Contact Centre, which is located at the NOC in Gurugram;
- ensuring our business continuity management system is certified under ISO 22301:2012;
- ensuring our information security management systems are certified under ISO 27001:2013;
- evaluating all critical-to-quality parameters, including an end-to-end review/analysis of all critical business processes;
- putting in place a framework for the measurement of customer experience, including customer complaint registers, customer satisfaction surveys, telephone surveys and employee feedback and ensuring customer feedback is collected, analyzed and acted upon in a timely and consistent manner;

- digitizing transaction processing to enable paperless transactions; and
- leveraging social media as a new channel for customer service to address questions and complaints, receive feedback, share relevant content about products and services and build our brand.

Quality Assurance

We endeavor to provide a consistent and superior banking experience to our customers. We believe in adopting a focused, knowledge-based approach to establish long-term partnerships, thereby enabling us to 'create and share value' that extends beyond the traditional realm of banking.

We strive to ingrain a culture of continuous improvement across all our departments. We utilize the "Voice of Customer" process, a process used to capture feedback from customers. We also use branch service committee meetings, transactional turnaround time and customer satisfaction surveys to complement the "Voice of Customer" process. Service metrics for assessing our customer service are monitored and analyzed. Certain operations of our branch banking business and of our NOCs located at Mumbai and Gurugram have been certified as compliant with ISO standards. Our ISO standards include ISO 27001:2013 – Information Security Management, ISO 31000: 2009 – Enterprise Risk Management System of YES Bank Limited covering all departments and functions at the Corporate Office, National Operating Centres, Designated Offices, Branch Offices and all Channels and ISO 29990:2010 – Creating and deploying learning and development solutions for YES Bank executives.

Digital Offerings

We are one of the leading providers of new-age payments services. In fiscal year 2020, our Aadhar Enabled Payment India System ("**AEPS**") is one of the leading acquirer banks by volume transactions, with a growth of 2X as compared to the previous fiscal year and has processed over 330 million transactions. Pursuant to the data available from National Payments Corporation of India, the market share of AEPS increased from 33.4% during the final quarter of fiscal year 2019 to 44.6% and 33.3% respectively for the third and final quarters of fiscal year 2020. The market share for the final quarter of fiscal year 2020 dropped as the Bank was placed under moratorium in March 2020.

Our Immediate Payment Service ("**IMPS**") was also ranked 1st as a remitter bank for IMPS by NPCI in the peer group of among 15 IMPS member banks for February 2020.

Further, our Unified Payment Interface ("**UPI**") has also grown by three times compared to fiscal year 2019 and has processed 4.51 billion transactions, 3.19 billion peer-to-peer transactions and 1.32 billion merchant transactions for the fiscal year 2020. Pursuant to the data available from National Payments Corporation of India, the market share of UPI was 29.9% during the final quarter of fiscal year 2019. The market share of UPI further increased to 37.5% and 29.5% respectively during the third and final quarters of fiscal year 2020. The market share for the final quarter dropped as the Bank was placed under moratorium in March 2020.

In terms of Application Program Interface ("**API**") Banking, we have also set up more than 1,500 systems for the customers. Our throughput values and volumes have respectively increased 2.5 times each for the fiscal year 2020.

Using our API Banking, we are working with multiple state governments and municipal corporations by offering them customized smart city solutions for digital. We have also helped other major customers by assisting Maharashtra Electronic Public Distribution System ("**EPDS**") for fund transfers of 20,000 ration shops across the states, Haryana Agriculture Subsidy for disbursement of agricultural subsidy via digital wallet for approximately 1.3 million farmers across the states, Maharashtra State Electricity Distribution Company Limited ("**MSEDL**") in setting up expense management for handling the day-to-day petty cash expenses for 7,500 employees spread across 206 branches across Maharashtra resulting in ₹1,000 million collection, Asmita Bazaar in setting up an e-commerce platform to manage sourcing in rural Maharashtra and setting up automated payments of goods, virtual limit via mobile app and Enterprise Resource Planning ("**ERP**") portal and Yellow Revolution by creating a supply chain automation for egg sourcing across rural Maharashtra from poultry farmers and rural folk through digital channels.

Our IMPS was ranked 1st as a remitter bank for IMPS by NPCI in the peer group for February 2020 with more than 500,000 business correspondent agents employed. Our bot platform has also reached over 44 services and more than 60 products are available in it and over 18 million interactions are processed as of March 31, 2020.

As a new generation bank, we have deployed technology that we believe will help us gain a competitive advantage over our competitors and achieve high standards of customer service.

Our IT strategy is divided into two parts, the first being “Run the Bank,” which focuses on initiatives aimed at ensuring efficient and effective operations, and the second being “Build the Bank,” which focuses on transformative technologies that could further enhance our business.

An example of the “Run the Bank” strategy includes the launch of Deliverable Management Solution, a program we developed in-house, that helps automate the tracking and reporting of various physical deliverables across our multiple business units.

An example of the “Build the Bank” strategy was the implementation of API banking, which enabled the launch of our digital wallet, “YES PAY,” a simple user-friendly mobile application that allows users across India to pay for a wide range of services. A chatbot has been integrated in BHIM YES PAY Wallet. With this change, we have enabled all the wallet services such as money transfer, balance inquiry and bill payment to our customers. YES PAY Wallet services have been made available to our corporate customers wherein they can initiate bulk disbursements to their customers’ wallets and also demand collections from individual wallet accounts.

We undertook several IT and digital initiatives that are expected to contribute to our business in the near future. These initiatives include upgrading our core banking system to ensure that the information technology infrastructure can meet the growing demand. We have also launched the YES MSME mobile application on iOS and Android platforms. The application offers a powerful digital banking solution empowering our medium, small and micro enterprises (“**MSME**”) customers with the power of speed-banking, resulting in substantial reduction in transaction costs and increase in overall productivity at branches. The YES MSME Mobile application will help with significant reduction in time and costs savings for our MSME business segment with convenience of payment authorization on the go.

Further, our strong focus on merchant use cases has resulted in accelerated growth in momentum in digital payments and increasing market share in India’s digital ecosystem. Our Aadhaar Enabled Payment System (“**AEPS**”) was conceptualized and developed to provide convenience to our customers. AEPS is aimed at encouraging greater use of electronic payments by reducing paper-based transactions, increasing the usage of digital channels, and bolstering mobile banking use. The unique program offers convenient access to finance to all individuals with their Aadhaar number (India’s Unique Identification number) and biometrics. In the year ended March 31, 2020 approximately 330 million transactions were recorded through AEPS.

We are also working with multiple State governments and Municipal Corporations by offering them customized Smart City solutions for digital payments. We have also been selected to partner with Maharashtra, Government of Rajasthan, Department of Information Technology and Communication, Rajkot Smart City Development Limited and Office of CHiPS, State Data Centre Building, Civil Lines, Raipur, Chhattisgarh to roll out digital payment solutions. We have also become the digital banking partner for Puducherry Tourism Development Corporation Limited for issuance of co-branded prepaid cards for cashless transactions in Puducherry tourism. In addition, we are also working with the Department of Food, Civil Supply and Consumer Protection, Government of Maharashtra, to facilitate their fair price shops with basic setups to enable banking transactions.

Responsible Banking

The Responsible Banking team focuses on providing banking services to untapped markets and under-served sections of society, and provides services underpinned by a focus on sustainability and socially responsible banking initiatives for marginalized communities. These services include positive impact financing such as climate finance, inclusive banking, nurturing talent, social outcome-based initiatives, contribution to national goals of inclusivity, skill development and participating in the global public discourse on sustainable development.

Since inception, we have gradually aligned our core strategy to sustainable development goals, which incorporate sustainability principles into our business processes. The Responsible Banking team co-develops and implements bank-wide sustainability and climate strategy. It integrates environmental, social and governance considerations with its core business functions. Responsible Banking facilitates sustainable finance by curating our environment and social framework, co-developing sustainable products like green bonds and green future deposits, as well as integrates climate risks in the environmental risk management framework.

We are transitioning towards a low carbon economy and responsible banking through the implementation of a phase-wise environmental management system. It is undertaking strategic corporate social responsibility projects in areas of livelihood and water security, women empowerment, environmental sustainability and social transformation. We report on economic, environmental, and social parameters on the basis of GRI Standards, integrated reporting framework, Task Force on Climate related Financial Disclosures (TCFD) recommendations, and SDG Compass Mapping pursuant to international best practices. We were the only Indian Bank to be listed on FTSE4GOOD – Emerging Index in 2017 and 2018. Further, we have 724 of our locations certified with ISO 14001:2015. We are the only Indian Bank to be the founding member of UN Principles of Responsible Banking, which launched in September 2019.

Internal Audit

The Internal Audit Department (the "**IAD**") provides independent, objective assurance and consulting services designed to add value and improve the Bank's risk and control environment. The IAD aids our management through its assessments to monitor adequacy, effectiveness, and adherence to internal controls, processes and procedures instituted by the management and the existing regulations.

The IAD reports to the Audit Committee of the Board for audit planning, reporting and review and to the Managing Director and chief executive officer for day-to-day activities. IAD has unlimited and unrestricted access to all relevant data, systems, personnel and information in order to achieve its objectives. The IAD is staffed with professionally qualified team members with additional relevant certifications. Through an effective training program, the IAD ensures that all of the team members are adequately skilled at frequent intervals.

The function has adopted a risk-based approach of internal audit structured by taking into account the RBI guidelines and internationally established best practices.

A Risk Based Audit Plan (the "**RBAP**") is prepared annually and is duly approved by the ACB. The ACB monitors, at least quarterly, the progress of the RBAP. The IAD prepares a report for each audit and recommends mitigation plans for the risks identified and ensures compliance with all of the recommendations.

In addition, we also subject our operations to concurrent audit by reputed audit firms to complement our internal audit function. The concurrent audit covers core activities such as the operations, financial markets, data center and branches in compliance with the regulatory guidelines. All audit reports are circulated to the relevant management teams and the Audit Committee of the Board.

Compliance

We aim to ensure compliance with regulatory requirements and building trust among all of our stakeholders. The dedicated compliance department strives to be at the forefront of regulatory changes and continues to work closely with all businesses and operations and to ensure compliance with all existing and new requirements. The key functions of this department include identifying effective procedures and corresponding controls to support our business divisions, as well as dissemination of key regulatory updates affecting our various businesses.

The department also reviews new products and processes from a regulatory compliance perspective, including but not limited to, providing guidance on compliance-related matters, conducting compliance reviews and imparting training to employees on compliance aspects. We have also implemented a 'Know Your Customer' and 'Anti-Money Laundering Policy' approved by the Board of Directors and transaction monitoring procedures pursuant to the regulatory guidelines.

Human Resources

We have implemented initiatives such as executive engagement, improving workplace health, wellness and promoting learning and development. We conduct leadership excellence programs on “Leading Self” and “Managing Business & Developing People” for Middle Management. As a result of our investment in and commitment to our employees, we believe we have good relationships with our workforce, which was 22,973 as of March 31, 2020. Our organisation structure is aided by young talent pool with average age of 33. At general, junior, middle, senior and top levels, there were total headcounts of 11,485, 8,427, 2,751, 227 and 81 with average ages of 30, 35, 40, 43, and 49 as of March 31, 2020, respectively. We have vintage human capital at senior levels with average tenure of more than eight years and more than seven years at top management and senior management levels respectively.

Our human capital management strategy involves maintaining competitive compensation and benefits for our employees to attract, motivate and retain talent. We adopt a professional entrepreneurship culture based on values to sustain competence, collaboration and compliance. We pursue various initiatives to continuously enhance organizational and individual productivity, effectiveness and cost management.

At the executive levels, professional entrepreneurship is the cornerstone of our human capital philosophy, which we believe encourages executives to take ownership and responsibility. To further foster the ethos of owner-partner-manager, two stock option schemes have been implemented:

- **Joining stock option plan**: stock options are awarded to key executives at the time of joining, of which 50% of the stock options granted vest after 36 months from the date of grant and the remaining 50% after 60 months.

- **Performance stock option plan**: stock options are selectively awarded to top-performing executives, of which 30% of options granted vest after 36 months from the date of grant, 30% after 48 months and the remaining 40% after 60 months.

We are committed to increasing the value of our human resources by offering our employees growth and educational opportunities.

We have received various recognitions for our commitment to our employees, including rank 1st for “Dream Companies to Work For,” “Dream Employer of the Year” and “Best Employer Brand” at the 13th Employer Branding Awards, in 2019. We have also been ranked 14th in LinkedIn’s 2019 Top Companies list in India in fiscal year 2019.

Competition

We face competition in all the principal lines of our business. Our primary competitors are some of the public sector banks, private sector banks, foreign banks, cooperative banks and, for some products, NBFCs, mutual funds, insurance companies and investment banks. We believe that our principal competitive advantage over our competitors is due to our knowledge-focused approach, application of technology and selective outsourcing and the quality of our human resources. We evaluate our competitive position separately along our business lines. The RBI has liberalized its licensing regime and intends to issue licenses on an ongoing basis, subject to the RBI’s qualification criteria. In September 2015, the RBI issued licenses to two new private sector banks, 11 payment banks and 10 small finance banks. In August 2016, the RBI also issued guidelines with respect to a continuous licensing policy for universal banks. The expansion of existing competitors or the entry of new players could increase competition.

The principal competitors for Corporate Banking customers, including the medium enterprises banking (“**MEB**”) customers, are public sector banks, private sector banks, foreign banks and financial institutions. The large public sector banks have traditionally been market leaders in both these segments, though new private sector banks also compete in the corporate banking market on the basis of efficiency, service delivery and technology. Foreign banks have generally served the needs of multinational companies and larger Indian corporations. We believe our top management-focused relationship approach together with our technological edge and the “One Bank” model has kept us competitive. For our MEB customers, and our Business Banking customers, we believe our emphasis on quality service and a knowledge-focused banking approach has helped us compete effectively in the market.

As per capita income levels continue to increase, we expect continued growth in retail lending, which will create opportunities for newer banks like us. However, we face competition from private sector banks, foreign banks, public sector banks and NBFCs in this segment. We believe that our customer service focus, use of technology to provide a customer-friendly banking experience, product and service offerings, and competitive interest rates will help us continue to remain relevant within an increasingly competitive landscape.

Mutual funds are another source of competition. Mutual funds offer tax advantages, have the capacity to earn competitive returns and have increasingly become a viable alternative to bank deposits. In mutual fund sales and other investment-related products, our principal competitors are brokerage houses, foreign banks and private sector banks. We compete with banks, brokers, corporate agents, financial consultants and advisors with respect to sales of life and non-life insurance products. We believe that our commitment to knowledge capital gives us a competitive edge in advisory and planning-related products and services.

Subsidiaries

As of March 31, 2020 we have three subsidiaries, YES Securities, YAMIL and YTL. YES Securities is engaged in the business of merchant banking, investment banking, institutional sales and trading and equity research. YAMIL offers the services of an investment manager and YTL acts as a trustee to YAMIL.

Branches

As of March 31, 2020, the Bank has a network of 1,135 branches and 1,423 ATMs. The table below sets out a summary of the branches by State/union territories:

State	**Number of branches**
Andaman & Nicobar Islands	1
Andhra Pradesh	17
Arunachal Pradesh	1
Assam	11
Bihar	3
Chandigarh	11
Chattisgarh	6
Dadra & Nagar Haveli	1
Daman & Diu	2
Delhi	96
Goa	8
Gujarat	106
Haryana	123
Himachal Pradesh	9
Jammu & Kashmir	7
Jharkhand	5
Karnataka	77
Kerala	15
Ladakh	1
Lakshadweep	1
Madhya Pradesh	63
Maharashtra	198
Manipur	1

State	Number of branches
Meghalaya	1
Mizoram	1
Nagaland	1
Odisha	6
Puducherry	1
Punjab	96
Rajasthan	101
Sikkim	1
Tamil Nadu	40
Telangana	19
Tripura	1
Uttar Pradesh	61
Uttarakhand	17
West Bengal	26
Total...	**1,135**

Properties

Our registered and corporate office is located at YES BANK Tower; IFC 2, 15th Floor; Senapati Bapat Marg, Elphinstone (W), Mumbai 400 013, India. As of March 31, 2020, all our NOCs, 1,135 branches and our corporate office are under lease. In addition, all 1,423 of our ATM locations are under lease.

Insurance

We maintain ongoing insurance policies in respect of our premises, office automation, furniture and fixtures, electronic equipment, employee fidelity, cash in premises, cash in transit, public liability and other valuables and documents. These assets are insured against burglary, theft and fire. We also maintain director and officer liability insurance and stock broker indemnity insurance as well as insurance policies for our employees, including group term insurance, group medical claim policies and group personal accident policies. We believe that we maintain all material insurance policies commonly required for a bank in India.

Intellectual Property

We are the registered proprietor of the trademark “YES BANK” and various other trademarks. We are also the owner of copyright in the artistic work in the “YES BANK” logo, which has been duly registered with the Registrar of Copyrights.

Cyber Security

In recent times, the financial sector has witnessed significant investments in digitization and adoption of the same. This has led to the implementation of cutting-edge technologies in the segment that enable prompt services to customers. However, with the rise in digitization, security risks have emerged, which could occur due to the breach of confidentiality, integrity and availability of classified data as a result of external or internal cyber-attacks. We have an Information Security Unit under the Risk Management Unit, to keep a check on the applicable cyber risks.

The Bank has a governance structure in place for effective security management. The Security Council has been constituted with cross-functional representation at leadership level, which meets at quarterly intervals to review the implementation of Information Security management system in the Bank. The Bank has implemented Board-approved Information Security Policy and Cyber Security policy, as directives to protect the information assets of the Bank. The security practices in the Bank are ISO 27001:2013 certified.

The Bank has implemented a multi-layered security defense to protect against cyber risks. The Bank periodically conducts security testing of all applications (old and new) and IT infrastructure and technologies to ensure that security issues, if any, are proactively identified and remedied. To monitor cyber risks, the Bank has a Security Operations Center, which keeps vigil on actionable threat intelligence, suspicious network traffic and events to timely detect any anomalies and help respond to potential incidents. Further, the Bank keeps the employees, customers, and other stakeholders aware of the global cyber threat landscape and risks applicable, to protect them from becoming victims of cyber-attacks.

Investments

As of March 31, 2020, our investments (net of provision) on a standalone basis were ₹439,148.26 million and the average yield on investments (which is the amount of interest income, including dividend in case of equity investments, divided by the amount of average investments value) was 5.93% for the year ended March 31, 2020.

The following table sets out details of the investments as of March 31, 2018, 2019, and 2020:

	As of March 31,					
		2018		2019		2020
		(%)		(%)		(%)
	(in ₹ million, except percentages)					
Investment						
Investments in India						
Government securities.............	488,860.83	71.47	553,611.12	61.84	329,069.16	74.93
Other approved securities.........	—	—	—	—	—	—
Shares	643.78	0.09	429.17	0.05	243.87	0.06
Debentures and bonds	145,045.61	21.21	154,985.44	17.31	74,399.35	16.94
Subsidiaries, joint ventures	1,055.00	0.15	2,240.00	0.25	1,986.70	0.45
Others	38,030.00	5.56	60,825.68	6.79	31,937.63	7.27
Total Investments in India........	673,635.23	98.49	772,091.41	86.25	437,636.70	99.66
Investments outside India						
Government securities.............	3,445.61	0.50	120,595.84	13.47	—	—
Shares	—	—	9.42	0.00	—	—
Debentures & Bonds	6,908.55	1.01	2,523.65	0.28	—	—
Others (CPs, CDs, Security Receipts, Pass through certificates etc)........................	—	—	—	—	1,511.56	0.34
Total Investments outside India	10,354.16	1.51	123,128.92	13.75	1,511.56	0.34
Total Investments....................	683,989.39	100.00	895,220.33	100.00	439,148.26	100.00

Debt Ratings

Our historical and present debt ratings are as follows:

- **Fiscal Year 2010**:CARE Ratings Limited reaffirmed AA- rating assigned to our Lower Tier II Bonds and retained A+ rating assigned to the Upper Tier II Bonds and Perpetual Bonds;
- **Fiscal Year 2011**: We received maiden international investment grade Baa3 long-term rating from Moody's;

- **Fiscal Year 2015**: We received a rating upgrade by ICRA Limited of AA+ for Lower Tier II Debt Programme, AA for Upper Tier II Debt Programme and Hybrid Tier I Debt Programme and A+ for Basel III compliant Tier I Bonds and by CARE Ratings Limited of AA+ for Lower Tier-II Bonds and AA for Upper Tier-II Bonds and Perpetual Bonds;

- **Fiscal Year 2018**: We received a Basel III Additional Tier I rating of AA from CARE Ratings Limited, India Ratings and Research Private Limited and ICRA Limited, and rating upgrade of maiden Additional Tier I issuance under Basel regime by ICRA Limited;

- **Fiscal Year 2019**: We received a rating upgrade by CARE Ratings Limited of AAA rating for Basel III Tier II and Infrastructure Bonds, AA+ for Additional Tier I bonds in July 2018 and reiteration of foreign currency issuer rating by Moody's at Baa3 and ICRA Limited at AA+ for Basel III and Basel II Compliant Tier II Bond Programme in September 2018. Subsequently, we received rating downgrades by CARE Ratings Limited to AA+ rating for Basel III Tier II Bonds and Infrastructure Bonds, AA rating for Additional Tier I Bonds (Basel III) and perpetual bonds (Basel II), and by ICRA Limited to AA rating for Basel III Tier II Bonds and Infrastructure Bonds, AA- rating for Basel III Compliant Additional Tier I Bond Programme and Basel II Compliant Tier I Bond Programme, and by Moody's to Ba1 for foreign currency issuer rating in November 2018; and

- **Fiscal Year 2020:** We received rating downgrades by CARE Ratings Limited on March 6, 2020 to CARE D for our Basel III additional tier I bond, Basel III Tier II bonds, Basel II Tier I bonds, Basel II Upper Tier II bonds, Basel II Lower Tier II bonds and Infrastructure bond ratings. On March 30, 2020, ICRA Limited has withdrawn the ratings for our short term fixed deposit programme and certificate of deposit programme, and revised our ratings to BB (hyb) for Basel III Tier II bonds, BB+ for Basel II Lower Tier II bonds, BB for Basel II Upper Tier II bonds, D for Basel II Tier I bonds, BB+ for Infrastructure bonds and D (hyb) for Basel III Additional Tier I bonds. On March 6, 2020, Moody's downgraded the Bank's long-term foreign currency issuer rating to Caa3 from B2 and the ratings were under review, with the direction uncertain. Moody's also downgraded the bank's long-term foreign and local currency bank deposit ratings to Caa1 from B2, and its foreign currency senior unsecured MTN program rating to (P)Caa3 from (P)B2. The ratings were placed under review, with the direction uncertain. Further on March 16, 2020, Moody's upgraded the Bank's long-term foreign currency issuer and foreign currency senior unsecured MTN program ratings to Caa1 from Caa3 and (P)Caa1 from (P)Caa3 respectively. In addition, Moody's confirmed the bank's long-term foreign and local currency bank deposit ratings at Caa1. Moody's also confirmed the bank's long-term domestic and foreign currency Counterparty Risk Rating (CRR) and long-term Counterparty Risk Assessment (CR Assessment) at Caa1 and Caa1(cr) respectively. Moody's also affirmed YES Bank's Baseline Credit Assessment (BCA) and adjusted BCA at ca. The rating outlook also changed to positive. On March 18, 2020, our rating by India Ratings and Research Private Limited was revised to WD for Basel III Additional Tier I bonds, IND B+/RWE for Basel III Tier II bonds and IND BB-/RWE for Infrastructure bonds and for Long-Term Issuer Rating. On June 5, 2020, CRISIL assigned its BBB/Stable rating to our Tier II bonds (under Basel III) and infrastructure bonds. CRISIL has also reaffirmed its CRISIL A2 on our certificates of deposit. On June 23, 2020, CARE Ratings Limited has confirmed our Bank's Infrastructure Bond Rating and Lower Tier II Bonds at B which were downgraded from A- as on March 6, 2020. In addition, CARE has confirmed our Bank's Tier II Bonds (Basel III) Rating at C which was downgraded from A- during the previous round of assessment. CARE has downgraded the Upper Tier II Bonds to D from C during the previous round of assessment. CARE has confirmed our Bank's Perpetual Bonds (Basel II) Rating at D which were downgraded from BBB- and BBB+ respectively during the previous round of assessment. On June 23, 2020, ICRA Limited has confirmed our Bank's Infrastructure Bond Rating and Lower Tier II Bonds at BB+ and was reaffirmed at BB+ as on March 30, 2020. In addition, ICRA has confirmed our Bank's Tier II Bonds (Basel III) Rating at BB (hyb) and was reaffirmed during the previous round of assessment. ICRA has downgraded the Upper Tier II Bonds Ratings to D from BB which was reaffirmed at BB during the previous round of assessment. ICRA has confirmed our Bank's Additional Tier I Bonds (Basel III) Ratings and Perpetual Bonds (Basel II) Rating at D (hyb) and D respectively which were reaffirmed at D (hyb) and D respectively during the previous round of assessment. Further, ICRA, at the request of the Bank, has withdrawn the ratings for our short term fixed deposit programme and Certificate of Deposit programme.

Awards

We have been recognized in India, as well as globally, with certain awards and recognitions, such as:

Institutional Excellence

- Best Bank in India for SMEs at the Asiamoney best bank awards: India, in 2019; Product Innovation of the Year Award at the Global SME Finance Awards in 2018;
- Best Debt Bank in Asia Pacific by Global Finance magazine in 2019;
- Best New Bond India by The Asset Triple A Country Awards in 2018;
- Global winner, Payments at The Banker-Technology Projects Awards, 2018; and
- Ranked 1,013th in Forbes World's Largest Public Companies in 2018 and ranked 155th in Forbes Global 2000: Growth Champions in 2018.

Technology Innovation and Service

- Best Trade Finance Bank in India by The Asian Banker in 2018 for four consecutive years;
- Best Financial Supply Chain Management in India by the Asian Banker in 2018;
- Best Bank for Payments in India by The Asian Banker in 2018;
- Best Corporate Trade Finance Deal in India by The Asian Banker in 2018;
- Best API Initiative, Application or Platform (bank category) by The Asian Banker in 2018;
- Best Blockchain Initiative, Application or Programme by The Asian Banker in 2018;
- Best Deal South Asia (India) – Transport Deal of the Year, Utility Deal of the Year and Renewable Energy Deal of the Year – Solar (Highly Commended) by The Asset Triple A Asia Infrastructure Awards in 2019;
- Best Productivity, Efficiency & Automation Initiative, Application or Programme by The Asian Banker in 2018;
- DigiDhan Mission Digital Payments Award 2018-19 for 'Overall Performance in Digital Payments';
- Product Innovation of the Year Award by IFC's SME Finance Awards 2018;
- SME Bank of the Year – India, by Asian Banking & Finance Wholesale Banking Awards in 2018;
- India Domestic Trade Finance Bank of the Year, by Asian Banking & Finance Wholesale Banking Awards in 2018;
- Selected by Global Finance magazine as one of the "25 Best Financial Innovation Labs (YES FINTECH)" as part The Innovators 2019;
- Ranked first in promotion of Digital Payment and exemplary performance in Digital Payment across 56 Public and Private sector banks in India by the Ministry of Electronics & Information Technology in 2019; and
- Asia's leader in Bank as a service at the International Data Corporation (IDC) Financial Insights Innovation Awards, in 2018.

Sustainability & CSR Excellence

- Selected for the fourth consecutive year by DJSI Emerging Markets Index in 2018; and
- First Indian Bank to join 'Natural Capital Coalition'.

Funding

Funding operations are designed to ensure the availability of liquidity to all our businesses, while minimizing cost. We have also implemented a funds transfer pricing policy for efficient management of the sourcing and the application of funds. We raise funds through deposits (current, savings and time), domestic market borrowings and the issuance of certificates of deposit. The table below sets out details of our deposits as of March 31, 2018, 2019 and 2020.

	As of March 31,					
	2018		2019		2020	
	(in ₹ million, except percentages)					
Deposit Type						
Demand......................................	288,257.25	14.36	285,420.87	12.54	94,993.11	9.02
Savings	443,504.51	22.09	467,112.35	20.52	185,635.25	17.62
Term	1,275,619.72	63.55	1,523,568.60	66.94	773,011.08	73.36
Total...	2,007,381.48	100.00	2,276,101.82	100.00	1,053,639.43	100.00

Note:

(1) Represents deposits on a standalone basis.

Our CASA per branch as at March 31, 2018 and 2019, and 2020 is ₹665 million, ₹672 million and ₹247 million, respectively.

The Bank had raised borrowings from overseas sources, as well as in the form of Innovative Perpetual Debt Instruments ("**IPDI**") and Tier II capital in the past through the issuance of subordinated bonds. The following table sets out details of the capital-raising amounts for the periods indicated.

	Year ended March 31,	
	IPDI	**Tier II**
	(in ₹ million)	
2018	54,150.00	70,000
2019	—	30,420.00
2020	—	—

IPDI amounting to ₹84,150 million was written off as of March 14, 2020 pursuant to the Master Circular on Basel III Capital Regulations.

We predominantly obtain current account balances from our Corporate Banking and Business Banking customers, savings deposits from the balances maintained by our individual customers and certain types of non-individual customers like trusts and associations, among others, and time deposits from both individual and corporate customers. In addition, we borrow call money (overnight), notice money (two to 14 days) and term money (14 to 365 days) from Indian financial market participants, including both domestic and foreign banks.

During fiscal year 2020, we issued 231,055,018 equity shares of face value of ₹2 each pursuant to a qualified institutions placement at ₹83.55 million in aggregate net share premium of share issue expenses. During the year ended March 31, 2020, the Bank allotted 43,84,174 shares pursuant to the exercise of stock options by certain employees. Further, in order to give effect to provisions of the "YES Bank Limited Reconstruction Scheme 2020", an aggregate of l0,000,000,000 equity shares of the Bank at ₹10 per share were allotted to State Bank of India and other investors, namely, Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Federal Bank Limited, Bandhan Bank

Limited and IDFC First Bank Limited on March 14, 2020. SBI shall not reduce its holding to below 26% in the three years after March 14, 2020. The remaining shareholding of SBI shall be freely transferable and shall not be subject to any lock-in. In relation to other investors, 75% of the equity shares allotted to each investor shall be subject to a lock-in for a period of three years after March 13, 2020. The remaining 25% of the shareholding allotted to each investor shall be freely transferable and shall not be subject to any lock-in.

During the fiscal year 2019, we issued 12,065,794 equity shares pursuant to the exercise of stock options aggregating to ₹953.47 million.

During the fiscal year 2018, we issued 20,538,180 shares pursuant to the exercise of stock option aggregating to ₹1,378.65 million.

Tax Rate

Our provision for taxation decreased from a cost of ₹6,397.39 million in fiscal year 2019 to a gain of ₹44,056.13 million in fiscal year 2020, primarily due to higher provisioning requirements. The rate of income tax changed from 34.94% to 25.17% in fiscal year 2020. The re-measurement of accumulated deferred tax asset has resulted in a one-time additional charge of ₹7,086.10 million.

Operating Information

Capital adequacy

Indian banks have to comply with the regulatory limits and requirements as prescribed under the RBI Basel III Capital Regulations, on an ongoing basis. The Bank has not been able to comply with the minimum CET I and Tier I capital requirement as on March 31, 2020. CET I ratio stood at 6.3% and Tier I ratio stood at 6.5% as compared to the minimum requirements of 7.375% and 8.875% respectively. For a description of the RBI's capital adequacy guidelines, see "*Supervision and Regulation – Capital Adequacy Requirements*."

As of March 31, 2020, our capital adequacy ratio under the RBI Basel III Capital Regulations on a standalone basis was 8.5%. Our Tier I capital adequacy ratio, Tier II capital adequacy ratio and CET I ratio on a standalone basis stood at 6.5%, 2.0% and 6.3%, respectively. This was because Tier II ratio is capped at 2.0% if CET I ratio is below regulatory requirements of 7.375%, resulting in a total CRAR of 8.5%. However, the total CRAR, after considering total Tier II capital funds at 6.4%, was 12.8%, as at March 31, 2020.

In connection with the "YES Bank Limited Reconstruction Scheme 2020", the Bank raised equity capital of ₹100,000 million pursuant to the allotment of shares to State Bank of India and other investors. Based on the Master Circular, the Bank has also written down the additional Tier-I bonds amounting to ₹84,150.00 million.

For further details regarding Basel III capital regulations, see "*Indian Financial Sector – Developments in the Banking Sector – Implementation of the Basel III capital regulations.*"

The following table sets out the Bank's capital adequacy ratios on a standalone basis:

Ratio	**As of March 31,**		
	2018	**2019**	**2020**
	(in ₹ million, except percentages)		
Common Equity Tier I	248,503.97	256,989.71	151,738.68
Additional Tier I capital	88,879.76	87,871.00	3,414.00
Tier I capital	337,383.73	344,860.71	155,152.68
Tier II capital	132,373.34	159,730.59	152,940.48
Total Capital	469,757.06	504,591.30	308,093.16
Credit Risk – RWA	2,232,542.97	2,678,862.12	2,036,091.58
Market Risk – RWA	181,613.67	191,932.33	137,164.65
Operational Risk – RWA	139,276.11	184,986.56	228,985.68

Ratio	As of March 31,		
	2018	2019	2020
	(in ₹ million, except percentages)		
Total RWA	2,553,432.74	3,055,781.01	2,402,241.90
Common Equity Capital Adequacy Ratio (%)	9.7	8.4	6.3
Tier I Capital Adequacy Ratio (%)	13.2	11.3	6.5
Tier II Capital Adequacy Ratio (%)	5.2	5.2	2.0(1)
Total Capital Adequacy Ratio (%)	18.4	16.5	8.5

Note:

(1) The Bank's Tier II ratio as of March 31, 2020 is capped at 2.0% as per RBI's Basel III guidelines.

Asset Quality and Composition

Loan portfolio

Total capital comprises Tier I and Tier II capital for determining capital adequacy. However, the single borrower exposure limit is conservatively linked to the rating profile of the borrower. Limits for our exposure in IBU are consistent with the RBI guidelines. From April 1, 2019, under RBI's Large Exposure Framework, single counterparty exposure must not be higher than 20% of Tier I capital as per the last audited balance sheet while groups of connected counterparty exposure must not be higher than 25% of Tier I capital as per the last audited balance sheet. As on March 31, 2020, we are in breach of the prescribed exposures to specific groups and single counterparties. For details, see "*Risk Factors - Non-compliance with the RBI's regulation on our exposure to our counterparties may subject us to adverse actions by the RBI which may affect our business and operations*" on page 28.

The following table sets out our total outstanding exposure by industry consolidated basis as of March 31, 2020:

Industry	Exposure	
	(in ₹ million)	(%)
All Engineering	103,296.16	3.64
Basic Metal and Metal Products	133,972.22	4.72
Beverages (excluding Tea and Coffee) and Tobacco	11,579.82	0.41
Cement and Cement Products	23,129.23	0.82
Chemicals and Chemical Products (Dyes, Paints etc.)	63,874.18	2.25
Construction	276,620.81	9.75
Food Processing	52,830.94	1.86
Gems and Jewellery	28,497.92	1.00
Glass and Glassware	1,817.29	0.06
Infrastructure	384,584.46	13.55
Leather and Leather Products	1,510.57	0.05
Mining and Quarrying	19,864.73	0.70
Paper and Paper Products	11,334.62	0.40
Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	22,898.32	0.81
Residuary	754,509.07	26.59
Rubber, Plastic and their Products	17,481.91	0.62
Textiles	41,001.43	1.45
Vehicles, Vehicle Parts and Transport Equipment	60,406.68	2.13
Wood and Wood Products	2,853.64	0.10

Industry	Exposure	
	(in ₹ million)	*(%)*
Other Industries	825,180.09	29.08
Grand Total..	**2,837,244.08**	**100.00%**

The following table sets out our total outstanding advances to Small and Micro Enterprises segments by industry consolidated basis as of March 31, 2020, along with their corresponding Gross NPA ratios:

Industry	Outstanding		GNPA
	(in ₹ million)	*(%)*	*(%)*
Agri and Allied	11,336.93	5.19	4.50
Engineering	23,922.69	10.95	1.18
Beverages	191.14	0.09	0.44
Cement	861.84	0.39	0.21
Chemical Products (Dyes, Paints, etc.)	7,915.48	3.62	1.02
Commercial Real Estate	873.30	0.40	0.00
Diversified	113.80	0.05	2.24
Drugs & Pharmaceuticals	5,522.80	2.53	1.40
Educational Services	1,754.71	0.80	0.00
Electricity	213.09	0.10	0.00
EPC	6,365.86	2.91	0.00
FMCG	3,961.55	1.81	3.57
Food Processing	9,529.78	4.36	1.71
Gems and Jewellery	11,507.68	5.27	0.22
Glass & Glassware	910.91	0.42	0.00
Granular & Retail	17,680.54	8.09	0.66
Healthcare & Hospitals (Non Infra)	1,912.07	0.88	0.00
Iron & Steel	11,263.68	5.16	2.26
Logistics	3,624.72	1.66	1.25
Media & Entertainment	2,184.65	1.00	2.54
Mining & Quarrying	152.32	0.07	0.00
NBFC	150.41	0.07	0.00
Other Financial Services	7,795.98	3.57	10.18
Other Industries	22,989.83	10.53	0.92
Other Metal & Metal Products	13,901.41	6.36	0.32
Other Real Estate (LRD / Non CRE etc)	128.78	0.06	0.00%
Paper & Paper Products	5,518.11	2.53	1.80
Petroleum, Coal and Other Fuels	1,176.07	0.54	2.35
Roadways	3.64	0.00	0.00
Rubber, Plastic & Products	7,296.65	3.34	2.38
Shipping	65.27	0.03	0.00
Social & Commercial Infrastructure	468.64	0.21	0.00
Technology/ITES	4,004.03	1.83	0.89

Industry	Outstanding		GNPA
	(in ₹ million)	(%)	(%)
Telecommunication	419.22	0.19	0.00
Textiles	22,406.88	10.26	1.06
Travel, Tourism & Hospitality	1,989.14	0.91	0.37
Vehicles, Parts & Equipment	8,308.17	3.80	2.64
Grand Total..	**218,421.75**	100.00	1.65

As at March 31, 2020, our net book value of investment in security receipts amounted to ₹15,532.65 million, which represented 0.79% of Gross Advances. The loans classified as Special Mention Accounts (SMA) – 1 as per RBI's "Prudential Framework for Resolution of Stressed Assets" amounted to ₹107,813.00 million and loans classified as SMA -2 amounted to ₹3,212.01 million during the final quarter of fiscal year 2020.

In accordance with the RBI guidelines relating to COVID-19 regulatory package, the Bank has offered a moratorium of six months on the payment of all instalments and/or interest (including bullet repayments, EMIs and credit card dues), as applicable falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as 'Standard' as on February 29, 2020. Eligible borrowers with overdue exposure as on February 29, 2020 had a total amount outstanding of ₹150,105.54 million as of March 31, 2020 of which there is an NPA of ₹27,129.45 million against which the Bank made a provision of ₹2,378.42 million.

Priority sector lending

Commercial banks in India are required by the RBI to lend, through advances or investments, 40.00% of their ANBC or credit equivalent amount of off-balance sheet exposures, whichever is higher, to specified sectors known as "priority sectors", subject to certain exemptions permitted by RBI from time to time. Priority sector advances include advances to the agriculture sector, micro and small enterprises, vulnerable groups of society, housing and education finance, and NBFCs for on-lending, subject to certain conditions.

Any shortfall in the amount required to be lent to the priority sectors may be required to be deposited with the Rural Infrastructure Development Fund established by NABARD or funds with other financial institutions as specified by the RBI. In addition, the Government of India through the notification dated February 4, 2016 has specified "Dealing in Priority Sector Lending Certificates (PSLCs) in accordance with the Guidelines issued by Reserve Bank of India" as a form of business under Section 6 (1)(o) of the Banking Regulation Act, 1949. The RBI through the circular FIDD.CO.Plan.BC.23/ 04.09.01/2015-16 allows us to purchase four types of PSLCs instruments to achieve priority sector lending targets and sub-targets in the event of shortfall.

The following table sets out a breakdown of the Bank's priority sector lending (advances) for the periods indicated.

	As of March 31,								
	2018			2019			2020		
	Gross Advances	**Gross NPAs**	**Percentage of Gross NPAs to Gross Advances in that sector (%)**	**Gross Advances**	**Gross NPAs**	**Percentage of Gross NPAs to Gross Advances in that sector (%)**	**Gross Advances**	**Gross NPAs**	**Percentage of Gross NPAs to Gross Advances in that sector (%)**
Priority Sector									
Agriculture and Allied activities	108,333.92	1,152.95	1.06	111,749.39	1,898.74	1.70	79,647.00	4,673.54	5.87%
Advances to industries sector eligible as priority sector lending......................................	101,882.22	559.16	0.55	129,938.12	524.80	0.40	105,102.24	1,773.45	1.69%
Services	215,285.26	764.18	0.35	276,349.81	2,416.79	0.87	263,133.75	4,407.02	1.67%
Personal Loans...........................	407.33	8.07	1.98	179.12	11.57	6.46	-	-	-

	As of March 31,								
	2018			2019			2020		
	Gross Advances	Gross NPAs	Percentage of Gross NPAs to Gross Advances in that sector (%)	Gross Advances	Gross NPAs	Percentage of Gross NPAs to Gross Advances in that sector (%)	Gross Advances	Gross NPAs	Percentage of Gross NPAs to Gross Advances in that sector (%)
Others	22,107.22	16.60	0.08	23,134.42	142.80	0.62	30,672.76	567.39	1.85%
Total	448,015.95	2,500.96	0.56	541,350.86	4,994.69	0.92	478,555.75	11,421.40	2.39%

Non-performing assets and provisioning

As of March 31, 2020, the Bank's gross NPAs amounted to ₹328,775.88 million, or 16.80% of the gross advances, and net NPAs amounted to ₹86,237.79 million, or 5.03% of the net advances. In addition, the total outstanding standard restructured advances amounted to ₹1,716.16 million, or 0.09% of gross advances, as of March 31, 2020. We had non-performing investments of ₹92,223.77 million as of March 31, 2020, with provisions of ₹68,254.23 million as of the same date.

Segment-wise Non-Performing Advances

The following table sets out the Bank's gross NPAs and corresponding provisions in each internal business segment as of March 31, 2018, 2019, and 2020.

	As of March 31,					
	2018		2019		2020	
	Gross NPAs	% of Gross NPAs to Gross Advances in that sector	Gross NPAs	% of Gross NPAs to Gross Advances in that sector	Gross NPAs	% of Gross NPAs to Gross Advances in that sector
Retail Banking	1,274.68	0.51	1,694.47	0.42	5,034.21	1.23
Small & Micro Enterprises	1,085.69	0.52	2,963.91	1.23	3,628.50	1.66
Medium Enterprises	824.56	0.42	1,292.28	0.68	2,799.95	2.06
Corporate Banking	23,083.09	1.66	72,874.94	4.51	317,313.22	26.63
Total	26,268.02	1.28	78,825.59	3.22	328,775.88	16.80

Sector-wide Non-Performing Advances

The following table sets out the Bank's gross NPAs and corresponding provisions in each sector as of March 31, 2018, 2019, and 2020.

	As of March 31,					
	2018		2019		2020	
	Gross NPAs	% of Gross NPAs to Gross Advances in that sector	Gross NPAs	% of Gross NPAs to Gross Advances in that sector	Gross NPAs	% of Gross NPAs to Gross Advances in that sector
Priority Sector						
Agriculture and Allied activities............................	1,152.95	1.06	1,898.74	1.70	4,673.54	5.87%
Advances to industries sector eligible as priority sector lending....................	559.16	0.55	524.80	0.40	1,773.45	1.69%
Services	764.18	0.35	2,416.79	0.87	4,407.02	1.67%
Personal Loans..................	8.07	1.98	11.57	6.46	-	-
Others	16.60	0.08	142.80	0.62	567.39	1.85%
Sub-Total (A)....................	2,500.96	0.56	4,994.69	0.92	11,421.40	2.39%
Non-Priority Sector						
Agriculture and Allied activities............................	0.00	0.00	1,436.64	3.52	-	-
Industry.............................	22,282.04	2.15	49,271.25	4.85	197,295.10	24.93%
Services	1,060.75	0.24	21,678.71	3.15	117,654.36	23.77%
Personal Loans..................	140.12	0.51	514.21	1.18	678.96	1.34%
Others	284.15	0.36	930.10	0.78	1,726.06	1.33%
Sub-Total (B)....................	23,767.06	1.49	73,830.90	3.87	317,354.48	21.47%
Total (A+B)	26,268.02	1.28	78,825.60	3.22	328,775.88	16.80%

KEY REGULATIONS AND POLICIES IN INDIA

Our Bank is a scheduled commercial bank within the meaning of the RBI Act. The primary legislation governing commercial banks in India is the Banking Regulation Act. Other significant legislation that governs banks include the RBI Act, the Negotiable Instruments Act and the Bankers' Books Evidence Act. Additionally, the RBI, from time to time, issues guidelines, regulations, policies, notifications, press releases and circulars to be followed by banks. Banking companies are also subject to the purview of the Companies Act, to the extent applicable, and if such banks are listed on a stock exchange in India then various regulations of SEBI would additionally apply to such companies.

Taxation statutes such as the IT Act, labour laws such as Contract Labour (Regulation and Abolition) Act, 1970 and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999, also apply to us as they do to any other Indian company.

The description of laws and regulations set out below are not exhaustive, and are only intended to provide general information to the Bidders and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Reserve Bank of India Act, 1934

RBI may, subject to certain conditions, direct the inclusion or exclusion of any bank from the second schedule of the RBI Act. Scheduled banks are required to maintain cash reserves with the RBI. In this regard, RBI may stipulate an average daily balance requirement to be complied with, by such banks and may direct that such banks regard a transaction or class of transactions as a liability. RBI has the power to impose penalties against any person for *inter-alia* failure to produce any book, account or other document or furnish any statement, information or particulars which such person is duty-bound to produce or furnish under the RBI Act, or any order, regulation or direction thereunder.

Banking Regulation Act, 1949 ("BRA")

Commercial banks in India are required to obtain a license from the RBI to carry on banking business in India. Such license is granted to a bank subject to compliance with certain conditions including (i) that the bank has or will have the ability to pay its present and future depositors in full as their claims accrue; (ii) that the affairs of the bank are not or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) bank has adequate capital structure and earnings prospects; (iv) any other condition, the fulfilment of which would, in the opinion of the RBI, be necessary to ensure that the carrying on of banking business in India by the company will not be prejudicial to the public interest or the interest of its depositors ; and (v) that public interest will be served if such license is granted to the bank. The RBI may cancel the license if the bank fails to meet the qualifications or if the bank ceases to carry on banking operations in India. Additionally, the RBI has issued various reporting and record-keeping requirements for commercial banks. Further, the appointing, re-appointing or removing of auditor or auditors of the bank requires prior approval of the RBI.

We have obtained a banking license from the RBI and are regulated and supervised by the RBI. The RBI requires us to furnish statements, information and certain details relating to our business and it has issued guidelines for commercial banks on recognition of income, classification of assets, valuation of investments, maintenance of capital adequacy and provisioning for non-performing and restructured assets. The RBI has set up a board for financial supervision ("**BFS**"), under the chairmanship of the Governor of the RBI. The primary objective of BFS is to undertake consolidated supervision of the financial sector comprising of, *inter-alia*, commercial banks, financial institutions and non-banking finance companies. The RBI can direct a special audit in the interest of the bank or the depositors or in the public interest.

The Banking Regulation Act confers power on the RBI (in consultation with the central government) in the public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or any banking company or for securing the proper management of any banking company, to pass orders to supersede the board of directors of a banking company for a period of up to six months, provided that the period of supersession may be extended from time to time, so, however, that the total period shall not exceed 12 months.

Section 45 of the BRA, deals with power of the RBI to apply to central government for suspension of business by a banking company and to prepare scheme of reconstruction or amalgamation. It empowers the RBI to apply to the Central Government for an order of moratorium in respect of a bank where it appears that there is good reason to do so. The period of the moratorium so imposed by the Central Government shall not exceed six months and the bank shall not during the period of moratorium make any payment to any depositors or discharge any liabilities or obligations to any other creditors or grant any loans or advances or make investments in any credit instruments.

During the moratorium, or at any other time, the RBI may prepare a scheme: (i) for the reconstruction of the bank, or (ii) for the amalgamation of the banking company with any other banking institution, if it is satisfied that it is necessary to do so in:

(i) in the public interest; or
(ii) in the interests of the depositors; or
(iii) in order to secure the proper management of the banking company; or
(iv) in the interest of the banking system of the country as a whole.

The abovementioned scheme shall be in accordance with the provisions of the BRA.

When a bank fails to or omits to comply with the provisions of the Banking Regulation Act, the RBI may impose fine within prescribed limits on banks and its officers or punish with imprisonment for the term provided in the law, on the basis of the nature of the violation.

The Banking Regulation (Amendment) Act, 2017 had been promulgated by the President of India with a view to give extensive powers to RBI to issue directions to banks for resolution of stressed assets. The amendment introduced two new sections to the Banking Regulation Act, Section 35AA and Section 35AB which enables RBI to direct banks to commence the insolvency resolution process against the defaulting company under the Insolvency and Bankruptcy Code, 2016 ("**IBC**"). The RBI has also been granted the discretion to set up one or more advisory/supervisory committees to advise banks on resolution of stressed assets.

The Banking Regulation (Amendment) Ordinance, 2020, ("**Ordinance**") was promulgated by the President of India on June 26, 2020. The Ordinance amends the BRA as applicable to Cooperative Banks. It seeks to protect the interests of depositors and strengthen cooperative banks by improving governance and oversight by extending powers already available with RBI in respect of other banks to Co-operative Banks as well for sound banking regulation, and by ensuring professionalism and enabling their access to capital.

The Ordinance also amends Section 45 of the BRA, to enable making of a scheme of reconstruction or amalgamation of a banking company for protecting the interest of the public, depositors and the banking system and for securing its proper management, even without making an order of moratorium, so as to avoid disruption of the financial system.

Regulatory reporting and examination procedures

The RBI is empowered under the Banking Regulation Act to call for certain information from a bank as well as to inspect a bank. The RBI monitors prudential parameters at periodic basis.

RBI has introduced a system of off-site monitoring and surveillance, with the primary objective of monitoring the financial condition of banks in between two on-site examinations. To this end and to enable off-site monitoring and surveillance by the RBI, banks are required to report to the RBI on various aspects of their business. This system of off-site monitoring and surveillance has been migrated to a secured Online Returns Filing System ("**ORFS**") in which data collection and consolidation has been streamlined. The RBI also conducts on-site supervision of selected branches with respect of their general operations and foreign exchange related transactions.

The RBI also conducts periodical on-site inspections on matters relating to the bank's portfolio, risk management systems, internal controls, credit allocation and regulatory compliance, at intervals ranging from one to three years.

Maintenance of records

The Banking Regulation Act requires banks to maintain books and records in the manner specified therein and file the same with the Registrar of Companies on a periodic basis. The provisions for production of documents and availability of records for inspection by shareholders as stipulated under the Companies Act and the rules thereunder would apply to our Bank as in the case of any company. The "Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016" issued by the RBI dated February 25, 2016 as updated from time to time, also provide for certain records to be maintained for a minimum period of five years from the business relationships have ended.

Regulations relating to the opening of branches

Under Section 23 of the Banking Regulation Act, banks are required to obtain the prior approval of the RBI to open new branches, in or outside India or to change the existing place of such business, other than a change of existing place within the same city, town or village. Permission is granted based on factors such as overall financial position of the bank, the history of the bank, the general character of its management, the adequacy of its capital structure, its earning prospects and public interest.

The RBI issues instructions and guidelines to banks on branch authorization from time to time, including guidelines allowing banking companies to open new branches, banking outlets, closure, shifting of branches/ extension counters/ ATMs etc. In terms of the Rationalisation of Branch Authorisation Policy - Revision of Guidelines issued by the RBI dated May 18, 2017, domestic scheduled commercial banks may open branches, unless otherwise specifically restricted, in Tier 1 to Tier 6 centres without prior permission from RBI, subject to the conditions laid down by RBI thereunder. The RBI has further stipulated that the banks are required to open at least 25 percent of the total number of 'Banking Outlets' opened during a financial year in 'unbanked rural centres' i.e. Tier 5 and Tier 6 centre that does not have a CBS-enabled 'Banking Outlet' of a scheduled commercial bank, a small finance bank, a payment bank or a regional rural bank nor a branch of local area bank or licensed co-operative bank for carrying out customer based banking transactions, failing which appropriate penal measures, including restrictions on opening of Tier 1 branches, may be imposed. Further, such banks may also shift, merge or close all branches except rural branches and sole semi-urban branches without prior permission from District Consultative Committee/ District Level Review Committee , subject to certain conditions. Rural branches and sole semi-urban branches can also be closed subject to certain conditions. Further, RBI has permitted installation of onsite/offsite ATMs at centres identified by banks,. Further, banks are required to periodically report details of the branches opened/closed/shifted to RBI.

Capital adequacy requirements

The RBI has set out minimum capital adequacy standards for banks based on the guidelines of the Basel Committee on Banking Supervision. The RBI Basel III Capital Regulations have become effective from April 1, 2013 and will be fully implemented by September 30, 2020, in a phased manner. Under the 'Master Circular on Basel III Capital Regulations' ("**Master Circular on Basel III**")" dated July 1, 2015, a bank is required to maintain a minimum CRAR of 9% and encouraged to maintain a Tier 1 CRAR of 7%. In accordance with the conditions of our banking license, we are required to maintain a CRAR of 10%.

In addition to the total CRAR, as per Master Circular on Basel III, the cash conservation buffer (CCB) was to be implemented in tranches of 0.625 per cent and the transition to full CCB of 2.5 per cent was set to be completed by March 31, 2019. It was subsequently decided to defer the implementation of the last tranche of 0.625 per cent of the CCB from March 31, 2019 to March 31, 2020. However, considering the potential stress on account of COVID-19 pandemic, under the circular DOR.BP.BC.No.45/21.06.201/2019-20 dated March 27, 2020, it has been decided to further defer the implementation of the last tranche of 0.625 per cent of the CCB from March 31, 2020 to September 30, 2020. The RBI via the A.P. (DIR Series) No.23 dated March 27, 2020, permitted banks in India having an Authorised Dealer Category-1 license under FEMA, 1999 and operating International Financial Services Centre (IFSC) Banking Units (IBUs) to deal in offshore non-deliverable forward market with effect from June 1, 2020, subject to the conditions laid therein. On May 18, 2020, *vide* the circular FMRD.FMID.26/02.05.002/2019-20 the RBI has mandated that IBUs shall report all OTC foreign exchange, interest rate and credit derivative transactions - both interbank and client transactions - undertaken by them to Clearing Corporation of India Limited's reporting platform with effect from June 1, 2020. Additionally, as a one-time measure to ensure completeness of data, all matured and outstanding transactions as on May 31, 2020, shall be reported by July 31, 2020.

Liquidity coverage ratio

The Basel III framework on 'Liquidity Standards' includes 'Liquidity Coverage Ratio', 'Net Stable Funding Ratio' ('**NSFR**") and liquidity risk monitoring tools. In June, 2014, the RBI issued guidelines in relation to liquidity coverage ratio ("**LCR**"), liquidity risk monitoring tools and LCR disclosure standards pursuant to the publication of the 'Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools' in January, 2013 and the 'Liquidity Coverage Ratio Disclosure Standards' in January, 2014 by the Basel Committee which provided enhanced guidance on liquidity, risk governance, measurement, monitoring and reporting to the RBI on liquidity positions. The guidelines stipulate that banks were to ensure a LCR of 60% for the calendar year 2015 with effect from January 1, 2015 and will be expected to transition to a LCR of 100% in January, 2019. In order to accommodate the burden on banks' cash flows on account of the Covid19 pandemic, the RBI *vide* its circular dated April 17, 2020, has permitted banks to maintain LCR as under:

(i) April 17, 2020 to September 30, 2020 – 80 percent;
(ii) October 1, 2020 to March 31, 2021 – 90 per cent; and
(iii) April 1, 2021 onwards – 100 per cent.

Further, banks shall prepare LCR restoration plans upon breach of the aforesaid prescribed LCR requirement, for scrutiny by the RBI's Department of Supervision.

The RBI issued guidelines on NFSR on May 17, 2018 with the objective to ensure that banks maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The RBI has *vide* circular dated March 27, 2020 notified that the NSFR guidelines shall come into effect from October 1, 2020.

Prudential framework for resolution of stressed assets

The RBI has, pursuant to its circular dated June 7, 2019 established a new regulatory framework for resolution of stressed assets ("**Revised Framework**"). Pursuant to the Revised Framework, existing guidelines and schemes for debt resolution such as revitalising distressed assets, CDR, flexible structuring of existing long term project loans, SDR, change in ownership outside SDR, and S4A have been withdrawn. In addition, the guidelines /framework for joint lenders' forum has also been discontinued. According to the Revised Framework, the lenders must identify incipient stress in loan accounts immediately on default by classifying stressed assets as special mention account.

Under the Revised Framework, the RBI had promulgated a revised framework for resolution of stressed assets, where banks are required to put in place a board approved policy for resolution of stressed assets. Upon the occurrence of a default, banks are required to within a period of 30 days from the date of such default ("**Review Period**"), review the account of the borrower and determine a strategy for implementing a resolution plan or choose to initiate legal proceedings or recovery. If a resolution plan route is chosen by the lenders during the Review Period, the lenders are required to enter into an inter-creditor agreement to provide rules for finalisation and implementation of the resolution plan and also provide in such inter-creditor agreement that decisions by lenders representing 75% of outstanding facilities and 60% by number shall bind all lenders to the inter-creditor agreement.

The resolution plan is to be implemented within 180 days from the end of the Review Period in respect of accounts with aggregate exposure above a threshold (as listed below) with the lenders. Depending on the aggregate exposure (including fund based and non-fund based) of the borrower towards the lender, the Review Period is required to commence by a specified date, as set out below:
(i) INR 20,000 million and above – June 7, 2019;
(ii) INR 15,000 million and above but less than INR 2,000 crore – January 1, 2020; and
(iii) Less than INR 15,000 million – To be announced.

The Revised Framework further clarifies that in the event a viable resolution plan in respect of the borrower is not implemented within the aforementioned timelines, all lenders (whether party to the inter-creditor agreement or not) are required to make additional provisions as set out below:

Timeline for implementation of viable resolution plan	**Additional provisions to be made as a percentage of total outstanding, if resolution plan not implemented within the timeline**
180 days from the end of Review Period	**20%**

365 days from the commencement of Review Period	**15% (i.e. total additional provisioning of 35%)**

The Insolvency and Bankruptcy Code, 2016

The IBC was enacted and notified in the Gazette of India on May 28, 2016. The IBC covers individuals, companies, limited liability partnerships, partnership firms, proprietorship firms and other legal entities. The IBC has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The IBC prescribes a time limit of 180 days (extendable by up to a maximum of 90 days) for the insolvency resolution process to be completed ("**Moratorium Period**") during which period the entity shall be revived. During the Moratorium Period, (i) the management of the debtor vests in favour of the resolution professional appointed by National Company Law Tribunal ("**NCLT**"); (ii) no assets of the debtor can be transferred, encumbered; (iii) there can no enforcement of security interest; (iv) no fresh proceedings can be initiated against the debtor and the continuation of pending proceedings are prohibited. The resolution professional shall invite and verify claims of all creditors of the debtor and constitute a committee of creditors comprising of all creditors whose claims are verified and accepted. Thereafter a resolution plan is prepared for the revival of the entity which shall be approved by majority of the committee of creditors which is then sanctioned by the NCLT. In the event no resolution plan is approved by committee of creditor or the NCLT rejects the resolution plan for non-compliance, the NCLT directs the liquidation of the debtor.

The IBC was recently amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2020 ("**Amendment**") which received Presidential Assent on March 13, 2020 and is deemed be effective from December 28, 2019. The Amendment has *inter alia* prescribed minimum thresholds for filing of the application in certain cases i.e. in terms of number, for instance, in case of homebuyers / allottees, at least 100 homebuyers/allottees under the same project or at least 10% of the total numbers of such allottees whichever is less.

The Amendment has introduced a *non-obstante* explanation stating that any permit, license, registration which has been provided by any local, central or state authority constituted under any law for the time being in force, shall not be suspended or terminated on the grounds of insolvency, subject to the condition that there is no default in the payment of current dues arising for the use or continuation of such license, permit or registration during the moratorium period.

The Amendment also clarifies that the effect of the approval of a resolution plan by the Adjudicating Authority should result in (i) the extinguishment of all liabilities of the corporate debtor existing at or pertaining to the period prior to the insolvency commencement date; and (ii) no action being taken against the property of the corporate debtor, in relation to the offences committed in the period prior to the insolvency commencement date. However, this immunity is only available in cases where the resolution plan specifically provides for a change in the management control of the corporate debtor to a person not being a promoter managing or controlling the corporate debtor / any related party or a person against whom a complaint has been made before the relevant authority in relation to the aforementioned offence.

The Recovery of Debts and Bankruptcy Act, 1993("RDB Act")

The RDB Act was enacted for adjudication of disputes pertaining to debts due to banks and financial institutions exceeding ₹10 lakhs or such other amount being not less than ₹1 lakh, as may be specified by the Central Government. The Ministry of Finance on September 6, 2018, revised the pecuniary limit of ₹10 lakhs to ₹20 lakhs. The RDB Act provides for the constitution of debt recovery tribunals, before which banks and financial institutions may file applications for recovery of debts. Further, no court or other authority, except the Supreme Court of India or a high court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter. The tribunals may pass orders for directions including *inter- alia* recovery of such dues by the bank as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective tribunal; attachment of the secured properties towards the dues to the bank; appointment of receivers and/or local commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the debt recovery tribunal before the debt recovery appellate tribunal, which is the appellate authority constituted under the RDB Act.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. The secured creditors must serve a 60-days notice on the borrower demanding repayment of the amount due and specifying the borrower's assets over which the bank proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-days notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹ 100,000, agricultural land and any case where the amount due is less than 20% of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach a debt recovery tribunal or the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act as well as a debt recovery tribunal.

The SARFAESI Act provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default. The Prudential Norms issued by the RBI describe the process to be followed for sales of financial assets to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets.

The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 ("ESIRDA Amendment Act")

The ESIRDA Amendment Act received Presidential Assent on August 12, 2016. It seeks to amend certain provisions of the SARFAESI, RDB Act, the Indian Stamp Act, 1899 and the Depositories Act, 1996.

The key amendments to the SARFAESI include: (a) Debenture Trustees registered with SEBI have now been included in the definition of 'secured creditor', and can take enforcement action under Section 13 of the SARFAESI, as the remedies under SARFAESI have been extended to apply to listed debt securities. The scope of SARFAESI has been widened to include hire purchase, financial leasing and conditional sale transactions; (b) the process of taking possession over collateral against which a loan has been provided by a secured creditor, with the assistance of the Chief Metropolitan Magistrate or District Magistrate, has been made time-bound, requiring an order to be passed within 30 days from the date of the application by the secured creditor; and (c) amendments in relation to registration of security interest have been introduced, including *inter alia* setting up of a central database to integrate records of security registered under various registration systems.

The key amendments to the RDB Act include (a) Debenture Trustees registered with SEBI can initiate proceedings under the RDB Act regarding defaults in listed debt securities; (b) a bank or a financial institution has now been permitted to take proceedings under the RDB Act before a tribunal in whose jurisdiction where the defaulted account is maintained / located; (c) a defendant, upon service of summons under the RDB act, is restricted from transferring the secured assets or other assets disclosed in the application made by the bank of financial institution without the approval of the tribunal, except in the ordinary course of business; and (d) electronic filing of recovery application, documents and written statements has been introduced.

Prevention of Money Laundering Act, 2002 ("PMLA")

In order to prevent money laundering activities, the Government enacted the PMLA which seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA casts certain obligations on, *inter alia*, banking companies in regard to preservation and reporting of customer account information.

The RBI has advised all banks to go through the provisions of the PMLA and the rules notified thereunder and to take all steps considered necessary to ensure compliance with the requirements of Section 12 of the PMLA.

Master Circulars and Directions of Reserve Bank of India

Priority sector lending

The Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2016 dated July 7, 2016, as amended from time to time, sets out the broad policy in relation to priority sector lending. In accordance with this circular, the priority sectors for all scheduled banks include (i) agriculture; (ii) micro, small and medium enterprises; (iii) export credit; (iv) education; (v) housing; (vi) social infrastructure; (vii) renewable energy and (viii) others. Further, it also prescribes the details of eligible activities under the aforesaid categories. Under the aforementioned master direction, the priority sector lending targets are linked to adjusted net bank credit as defined ("**ANBC**") or credit equivalent amount of off-balance sheet exposure, whichever is higher, as on the corresponding date of the preceding year. Currently, the total priority sector lending target for domestic banks is 40% of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher. This has to be achieved in a phased manner by 2020 as prescribed in the directions. It also prescribed sub-targets for small and marginal farmers, micro-enterprises and weaker sections. By way of a notification dated September 20, 2019, the RBI has, in relation to export credit, enhanced the sanctioned limit, for classification of export credit under priority sector lending, from ₹ 250 million per borrower to ₹ 400 million per borrower and removed the existing criteria of 'units having turnover of up to ₹ 1 billion.

The RBI via circular reference FIDD.CO.Plan.BC.7/04.09.01/2019-20 dated August 13, 2019, decided that bank credit to registered NBFCs (other than MFIs) for on-lending will be eligible for classification as priority sector under respective categories, subject to the conditions laid out therein. This was to be applicable will March 31, 2020, and was subject to review thereafter. Therefore, RBI via FIDD.CO.Plan.BC.No.19/04.09.01/2019-20 dated March 23, 2020 decided to extend the priority sector classification for bank loans to NBFCs for on-lending for FY 2020-21. Further, existing loans disbursed under the on-lending model will continue to be classified under Priority Sector till the date of repayment/maturity.

Exposure norms

As a prudent measure aimed at better risk management and avoidance of concentration of credit risk, the RBI advised the banks to fix limits on their exposure to specific industry or sectors and has prescribed credit exposure limits for banks in respect of their lending to individual borrowers and to all borrowers belonging to a single group. In addition, banks are also required to observe certain statutory and regulatory exposure limits in respect of advances against / investments in shares, convertible debentures /bonds, units of equity-oriented mutual funds and all exposures to venture capital funds ("VCFs").

The RBI pursuant to Master Circular on Exposure Norms dated July 1, 2015 has prescribed exposure ceiling for a single borrower as 15% of capital funds and group exposure limit as 40% of capital funds comprising of Tier I and Tier II capital. Relaxations are permitted in exceptional circumstances, with the approval of their boards or lending to infrastructure sector or lending to oil companies who have been issued oil bonds by Government of India. The total exposure (both lending and investment) to a single NBFC, NBFC-AFC (Asset Financing Companies) and infrastructure finance companies should not exceed 10%, 15% and 15% respectively, of the bank's capital funds as per its last audited balance sheet. The limit may be increased by another 5% provided that the excess exposure is on account of funds on-lent to the infrastructure sector.

Section 19(2) of the Banking Regulation Act, 1949, restricts a banking company from holding shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30% of the paid-up share capital of that company or 30%of its own paid-up share capital and reserves, whichever is less, except as provided in sub-section (1) of Section 19 of the Act.

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40% of its net worth, on both standalone and consolidated basis as on March 31 of the previous year. Within this overall ceiling, the bank's direct investment in shares, convertible bonds/debentures, units of equity oriented mutual funds and all exposures to VCFs (both registered and unregistered) should not exceed 20% of its net worth on both standalone and consolidated basis.

On August 25, 2016, the RBI released guidelines on 'Enhancing Credit Supply for Large Borrowers through Market Mechanism' with the objective of mitigating the risk posed to the banking system on account of large aggregate lending to a single corporate. As per the framework, exposure to corporate with large borrowing from banking system beyond the prescribed limit would attract additional provisions and higher risk weights.

On June 3, 2019, the RBI amended the extant December 1, 2016 guidelines on 'Large Exposures Framework to align the exposure norms for Indian banks' with the Basel Committee. As per the framework, the sum of all exposure values of a bank to a counterparty or a group of connected counterparties is defined as a 'Large Exposure (LE)', if it is equal to or above 10 percent of the bank's eligible capital base (i.e., Tier 1 capital) and the bank is required to report their LE to the Reserve Bank of India (RBI) and Department of Banking Supervision, Central Office, (DBS, CO). Further, exposure limits to a single counterparty and group of connected counterparties will be 20 percent (extendable up to additional 5 percent exposure by the board of the banks during exceptional circumstances) and 25 percent of our available eligible capital base respectively. In light of the recent COVID-19 pandemic, the RBI vide its circular dated May 23, 2020 has, as a one-time measure, increased the cap on bank's exposure to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank. The increased limit will be applicable up to June 30, 2021. Exposure limits to single NBFC will be 15 percent of our Tier I capital funds and group of connected NBFC's or group of connected counterparties having NBFC's will be 25 percent of our Tier 1 capital funds. However, by way of a circular dated September 12, 2019 the RBI mandated that bank's exposure to a single NBFC (excluding gold loan companies) will be restricted to 20 percent of that bank's Tier 1 capital.

Central Repository of Information on Large Credits

The RBI has vide its circular dated May 22, 2014, set up the Central Repository of Information on Large Credits ("**CRILC**") to collect, store and disseminate data on all borrowers' credit exposures including 'special mention accounts' (SMA 0, 1 & 2) having aggregate fund-based and non-fund based exposure of ₹50 million and above. The CRILC is designed entirely for supervisory purposes and its focus is on the reporting entities' exposure to the borrower (as individual and/or as a group) under various heads, such as bank's exposure to a large borrower; the borrower's current account balance; bank's written-off accounts; and identification of non-co-operative borrowers, among others. Further, the CRILC system started with information on SMA2 (default for 61-90 days) to be submitted on as and when basis i.e., whenever repayment for a large borrower's account becomes overdue for 61 days it is to be reported by the bank immediately.

Further, in terms of RBI circular dated June 7, 2019, all banks are required to report to CRILC, on a monthly basis, exposures of individuals and entities having exposure (both fund and non-fund based) of more than ₹50 million. Banks are also required to report to CRILC, on a weekly basis for all borrower entities in default, having aggregate exposure of more than ₹50 million. In addition, banks are required to report to CRILC the classification of an account to 'special mention account' in respect of borrower entities having aggregate exposure of more than ₹50 million. Any non-submission of or incorrect reporting in these returns attracts penalties as specified in the Banking Regulation Act.

Short-selling of Government securities

As per the Master Circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks dated July 1, 2015, banks and primary dealers are allowed to undertake short sale of Government dated securities, subject to the short position being covered within a maximum period of three months, including the day of trade and in accordance with the conditions prescribed, therein. Further, such short positions shall be covered only by outright purchase of an equivalent amount of the same security or through a long position in the 'when issued' market or allotment in primary auction.

Short Sale (Reserve Bank) Directions, 2018 ("Short Sale Directions")

The RBI *vide* its circular dated July 25, 2018 *inter alia* enabled the scheduled commercial banks, primary dealers and any other regulated entity which have the approval of the concerned regulator (*as defined thereunder*) to undertake 'Short Sales' which means sale of a security one does not own. Banks may treat sale of a security held in the investment portfolio as a short sale and follow the process laid down in he abovementioned directions. These transactions shall be referred to as 'notional' short sales. The Short Sale Directions prescribe the eligible entities (i.e., Scheduled commercial banks, Primary Dealers, Urban Cooperative Banks as permitted under circular UBD.BPD (PCB). Circular No.9/09.29.000/2013-14 dated September 4, 2013, any other regulated entity which has the approval of the SEBI, IRDA, PFRDA, NABARD, NHB), operational requirements, internal control and reporting requirements to be followed by the eligible entities undertaking these activities. The RBI has instructed such eligible entities undertaking short sales to ensure that these transactions are in conformity with fair market practices and that their activity does not lead to market distortions. The eligible entities will be required to put in place a written policy on all aspects of short sales, including, in the case of banks, notional short sales, which should be approved by their respective Boards of Directors or equivalent body. The policy should lay down the internal guidelines which should include, *inter alia*, risk limits on short position, an aggregate nominal short sale limit (in terms of face value) across all eligible securities, stop loss limits, the internal control systems to ensure adherence to regulatory and internal guidelines, procedure to deal with violations, etc. The eligible entities will also need to report to RBI any suspected cases of market abuse regardless of whether it was by their own employee, client or other market participant.

Regulations relating to interest rates on deposits and advances

The RBI has issued Reserve Bank of India – (Interest rate on Deposits) Directions, 2016 dated March 3, 2016 (updated as of February 22, 2019). Scheduled commercial banks are required to pay interest on deposits of money (other than current account deposits) accepted by them or renewed by them in their domestic, ordinary non-resident (NRO), non-resident (external) accounts (NRE) and foreign currency (non-resident) accounts (banks) scheme deposit account), subject to certain conditions prescribed in the directions. Further, certain additional restrictions have been prescribed to determine interest rates for savings deposits and term deposits. Additionally, interest rates offered by banks on NRO and NRE deposits cannot be higher than those offered by them on comparable domestic rupee term deposits.

The RBI has issued Reserve Bank of India – (Interest rate on Advances) Directions, 2016 dated March 3, 2016 (updated as of February 26, 2020). Scheduled commercial banks shall charge interest on advances on the terms and conditions specified in these directions. Further, certain additional restrictions have been prescribed to determine interest rates for different types of loans and advances. There shall be no lending below the benchmark rate for a particular maturity for all loans linked to that benchmark.

Deposit insurance

Demand and time deposits of up to `100,000 accepted by Indian banks (other than primary co-operative societies) have to be mandatorily insured with the Deposit Insurance and Credit Guarantee Corporation, a wholly-owned subsidiary of the RBI. Banks are required to pay the insurance premium for the eligible amount to the Deposit Insurance and Credit Guarantee Corporation on a half yearly basis. The cost of the insurance premium cannot be passed on to the customer and is borne entirely by the bank.

Regulations relating to Know Your Customer ("KYC") and anti-money laundering

The RBI issued the Reserve Bank of India (Know Your Customer (KYC) Directions, 2016 on February 25, 2016, (as updated up to April 20, 2020), prescribing the guidelines for KYC and anti-money laundering procedures. Banks are required to formulate a KYC policy which shall include (i) customer acceptance policy, (ii) customer identification procedures, (iii) monitoring of transactions and (iv) risk management. In relation to each of the above, the master direction also specifies minimum procedures required to be followed by banks. Banks are not permitted to make payment of cheques/drafts/pay orders/banker's cheques, if they are presented beyond the period of three months from the date of such instrument. Banks have been advised to ensure that systems and procedures are in place to control financial frauds, identify money laundering or financing of terrorism activities and suspicious activities and monitor high value cash transactions. Banks shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk. Further, banks have also been advised to ensure that adequate policies are formulated and adopted in relation to KYC and Anti Money Laundering.

Regulations relating to maintenance of statutory reserves

A bank is required to maintain, on a daily basis, Cash Reserve Ratio ("**CRR**"), which is a specified percentage of its Net Demand and Time Liabilities ("**NDTL**"), excluding interbank deposits, by way of a balance in a current account with the RBI. The RBI does not pay any interest on CRR balances. The CRR has to be maintained on an average basis for a fortnightly period and the minimum daily maintenance of the CRR should be 90% effective from the fortnight beginning April 16, 2016. The RBI may impose penal interest at the rate of 3% above the bank rate on the amount by which the reserve falls short of the CRR required to be maintained on a particular day and if the shortfall continues further, the penal interest charged shall be increased to a rate of 5% above the bank rate in respect of each subsequent day, during which the default continues. In light of the COVID 19 pandemic, the RBI has vide circular issued on May 22, 2020 to all scheduled and non scheduled banks, revised the Bank Rate downwards by 40 basis points from 4.65% to 4.25% with effect from May 22. 2020. In case of default in the maintenance of CRR, on average basis during the fortnight, penal interest will be recovered as envisaged under Section 42(3) of the RBI Act.

In light of the recent COVID-19 pandemic, the RBI *vide* its circular dated March 27, 2020, has reduced the CRR of all banks by 100 basis points from 4.00% to 3.00% of their NDTL with effect from the reporting fortnight beginning March 28, 2020 for a period of one year, ending on March 26, 2021. Further, the RBI has also, *vide* a separate circular March 27, 2020, reduced the minimum daily maintenance of the CRR from 90% of the requirement to 80% effective from the fortnight beginning March 28, 2020. This one-time dispensation was initially available up to June 26, 2020 and subsequently extended for a further period of three months *i.e.* upto September 25, 2020 *vide* a separate circular dated June 26, 2020.

In addition to the CRR, a bank is required to maintain Statutory Liquidity Ratio ("**SLR**"), a specified percentage of its NDTL, by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the RBI from time to time, pursuant to Section 24 of the Banking Regulation Act. At present the required SLR is 18%.

Further, in December, 2011, the RBI has permitted banks to avail funds from the RBI on an overnight basis, under the Marginal Standing Facility ("**MSF**"), against their excess SLR holdings. Additionally, they can also avail themselves of funds, on an overnight basis below the stipulated SLR, up to 2% of their respective NDTL outstanding at the end of the second preceding fortnight. In light of the COVID-19 pandemic, the RBI *vide* its circular dated March 27, 2020, has raised the borrowing limit of scheduled banks (excluding Regional Rural Bank) under the MSF scheme from 2% to 3% of their NDTL outstanding at the end of the second preceding fortnight with immediate effect. The enhanced limit will be applicable up to June 30, 2020.

Further, the RBI requires the banks to create a reserve fund to which it must transfer not less than 25% of the profits of each year before declaring dividends. If there is an appropriation from this account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation.

Regulations relating to authorised dealers for foreign exchange and cross-border business transactions

The foreign exchange and cross border transactions undertaken by banks, both on its own account and also on behalf of customers, are subject to the provisions of FEMA and rules/ regulations/ directions and notifications issued thereunder. The bank should monitor all non-resident accounts and cross border transactions to prevent money laundering. RBI may impose penalty for contravention of Foreign Exchange Management Act and regulations/ notifications issued there under, or for contravention of any conditions, subject to which an authorisation is issued by the RBI.

The Master Direction on Risk Management and Interbank Dealings, dated July 5, 2016, states that all categories of overseas foreign currency borrowings of AD Category I banks, including existing external commercial borrowings and loans or overdrafts from their head office, overseas branches and correspondents outside India, international/ multilateral financial institutions or any other entity as permitted by RBI and overdrafts in nostro accounts (not adjusted within five days), shall not exceed 100% of their unimpaired Tier I capital or U.S. Dollar 10 million (or its equivalent), whichever is higher. Overseas borrowings for the purpose of financing export credit, subordinated debt placed by head offices of foreign banks with their branches in India as Tier II capital,

capital funds raised/augmented by the issue of innovative perpetual debt instruments and any other overseas borrowings with the specific approval of the RBI would continue to be outside the limit of 100%.

Secrecy obligations

A bank's obligations relating to maintaining secrecy arise out of Section 13 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 and common law principles governing its relationship with its customers. Subject to certain exceptions, a bank cannot disclose any information to third parties. Further, the RBI may, in the public interest, publish the information obtained from the bank.

Ownership restrictions

Under the current policy, the total foreign ownership in a private sector bank cannot exceed 74% (49% under the automatic route and above 49% and up to 74% under the approval route) of the paid-up capital. At all times, at least 26% of the paid up capital will have to be held by residents, except in regard to a wholly-owned subsidiary of a foreign bank.

The Banking Regulation Act requires any person to seek prior approval of the RBI to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5% or more of the paid up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. Further, the RBI may, by passing an order, restrict any person holding more than 5.00% of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5%, if such person is deemed to be not 'fit and proper' by the RBI. Pursuant to Section 12(2) of the Banking Regulation Act, 1949, the RBI has, on July 21, 2016, notified that no shareholder in a bank can exercise voting rights on poll in excess of 26% of total voting rights of all the shareholders of the bank.

In this regard, the RBI has issued master directions for prior approval for acquisition of shares or voting rights in private sector banks in November 2015 (the "**Master Directions for Acquisitions**"). The Master Directions for Acquisitions are applicable to the existing and proposed "major shareholders" of the private sector banks and all private sector banks including local area banks, licensed to operate in India by RBI, except urban co-operative banks, foreign banks and banks licensed under specific statutes. The Master Directions for Acquisitions define a "major shareholder" as a shareholder having/ likely to have an "aggregate holding" to the extent of 5% or more of the paid-up share capital of the bank or 5% or more of the total voting rights of the concerned bank. The term "aggregate holding" has been defined as the total holding including through "acquisition" and shares or compulsorily convertible preference shares/ debentures/ bonds or voting rights held by the applicant, his relatives, associate enterprises and persons acting in concert with him in the concerned bank. The aggregate shareholding will also include optionally convertible preference shares/ bonds/ debentures if the option of conversion is proposed to be exercised.

Every person desirous of undertaking such acquisition shall seek prior approval of the Reserve Bank of India as per the procedure set out in the Master Directions for Acquisitions. However, prior approval of the Reserve Bank of India will not be required for fresh acquisition by existing major shareholders of private sector banks, which consequently would lead the aggregate shareholding of such shareholders of up to 10% of the shares or voting rights provided that the major shareholder furnishes the details of the source of funds for such incremental acquisition to the concerned bank before such acquisition and obtains 'no objection' from the concerned bank. However, prior approval will be required if the incremental acquisition results in excess of 10% of shares or voting rights in the private bank. It is the responsibility of the concerned bank to ensure that all its major shareholders are 'fit and proper' and every bank shall make continuous monitoring arrangements to ensure that the major shareholders continue to be 'fit and proper' as per the Master Directions for Acquisitions.

Further, SEBI has, through a circular dated April 5, 2018, put in place a system for monitoring foreign investment limits in listed Indian companies, and, by a circular dated May 17, 2018, SEBI has directed that the system be made operational from June 1, 2018. Accordingly, each listed Indian company shall have to appoint any one depository as its designated depository to facilitate the monitoring of the foreign investment limits.

Master Direction – Ownership in Private Sector banks, Directions, 2016

The RBI issued master directions for ownership in private sector banks in May 2016. The directions are applicable to all private sector banks licensed by RBI to operate in India. Under the directions, shareholders are now categorized as natural persons (individuals) and legal persons (entities/ institutions) for the purposes of ownership limits in the longer run. Legal Persons are further categorized as non-financial and financial institutions, and among financial institutions, diversified and non-diversified financial institutions shall have separate limits for shareholding.

The limits for shareholding are as follows: (i) in the case of individuals and non-financial entities (other than promoters/promoter group), the limit shall be 10% of the paid up capital, however, in case of promoters being individuals and non-financial entities in existing banks, the shareholding shall be 15%, (ii) for entities in the financial sector, other than regulated or diversified or listed, the limit shall be at 15%, (iii) in case of 'regulated, well diversified, listed entities from the financial sector' and shareholding by supranational institutions or public sector undertaking or Government, a limit of 40% is prescribed, and (iv) higher stake/ strategic investment by promoters/non-promoters through capital infusion by domestic or foreign entities/ institution shall be permitted on a case to case basis under circumstances such as relinquishment by existing promoters, rehabilitation / restructuring of problem / weak banks / entrenchment of existing promoters or in the interest of the bank or in the interest of consolidation in the banking sector, etc.

A period of 12 years from the date of commencement of business of the bank shall be available in cases where dilution to a lower level of shareholding is required for compliance with the specified limits. Acquisition of shareholding in a private sector bank shall be subject to the applicable FDI Policy, with the aggregate foreign investment in private sector banks not exceeding 74% of the paid-up capital. Further, at all times, at least 26% of the paid-up share capital of the private sector banks shall be held by resident Indians. The foreign investment limits and sub-limits and also computation of foreign investment in the private sector banks shall be as specified in the FDI policy of the Government of India and FEMA regulations as amended from time to time

The directions further prescribe that banks (including foreign banks having branch presence in India) shall not acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's holding is 10% or more in the investee bank's equity capital. However, RBI may permit a higher level of shareholding by a bank in exceptional cases such as, restructuring of problem / weak banks or in the interest of consolidation in the banking sector, etc

Master Direction – Issue and Pricing of shares by Private Sector Banks, Directions, 2016

The Reserve Bank of India issued master directions for issue and pricing of shares by private sector banks in April, 2016. The directions are applicable to all private sector banks licensed by RBI to operate in India. Under the directions, "private sector banks" have been defined as banks licensed to operate in India under Banking Regulation Act, 1949, other than urban co-operative banks, foreign banks and banks licensed under specific statutes. Under the directions, a private sector bank, both listed and unlisted, has general permission for issue of shares through, *inter-alia*, public issue or private placement, subject to compliance with applicable laws including FEMA and other foreign investment related laws, provisions of the Companies Act, and the relevant SEBI guidelines, the RBI master directions dated November 19, 2015. Upon completion of the allotment of shares, complete details of the issue shall be reported to RBI viz. date of issue, details of the type of issue, issue size, details of pricing, number and names of allottees, post allotment shareholding position etc.

Downstream investment by banks

In accordance with Schedule I of the FEMA Regulations, downstream investments made by a banking company, as defined in section 5(c) of the Banking Regulation Act, incorporated in India, which is owned or controlled by non-residents/non-resident entity, under corporate debt restructuring, or other loan restructuring mechanism, or in trading books, or for acquisition of shares due to defaults in loans, shall not count towards indirect foreign investment. However, their 'strategic downstream investment' shall count towards indirect foreign investment. For this purpose, 'strategic downstream investments' would mean investment by these banking companies in their subsidiaries, joint ventures and associates.

Appointment of Managing Director and Chief Executive Officer (MD & CEO) / CEO / part-time Chairperson (PTC) in Banks – 'Declaration and Undertaking' and allied matters

The RBI via DoR.Appt.No.58/29.67.001/2019-20 dated March 31, 2020, reviewed the instructions listed below, to complete the appointment of Managing Director and Chief Executive Officer (MD & CEO)/ CEO/ part-time Chairperson (PTC) in Banks in a timely manner:

(i) DBOD.No.ARS.BC.75/C.318(C)-72 dated September 2, 1972 on 'Section 35B of the Banking Regulation Act, 1949', prescribing Form A, B and C relating to appointment/ re-appointment/ remuneration, etc. of Chairman, Chief Executive Officer or any other Director or Termination of Appointment of a Director;

(ii) DBOD.No.App.BC.47/C.318(C)-83 dated June 7, 1983 on the same subject (as above), advising banks to submit application seeking approval for appointment/ re-appointment of Chairman and Chief Executive Officer at least four months before expiry of the term of office of the present incumbent;

(iii) DBOD.No.BC.64/08.94.002/2002 dated February 13, 2002 addressed to Chairman/ CEO/ MD of all private sector banks advising banks to forward a panel of three names while submitting proposal for appointment of CEO; and

(iv) DBOD.No.BC.No.95/29.39.001/2010-11 dated May 23, 2011 advising modifications in the format of 'Declaration and Undertaking' prescribed for conducting due diligence of Directors to determine their 'fit and proper' status.

The RBI also revised the 'Declaration and Undertaking' and specimen of 'Form A' as well as 'Form B' and instructed private sector banks (including local area banks, small finance banks, payments banks) and foreign banks operating in India to submit the complete applications in the prescribed forms i.e., 'Form B' along with 'Declaration and Undertaking' from candidate(s), along with the remarks of Nomination and Remuneration Committee of having satisfied itself that the information is true and complete to the Department of Regulation, Central Office, Reserve Bank of India, Mumbai, at least six months before the expiry of the term of office of the incumbent, so as to enable the RBI to convey the requisite approval in time on the re-appointment of an MD & CEO/ CEO in banks.

The above circular also stated that the proposals for appointment of a new MD & CEO/ CEO, should invariably contain a panel of at least two names in the order of preference. The proposals should be submitted to the RBI at least four months before the expiry of the term of office of the present incumbent.

Guidelines for merger and amalgamation of private sector banks

The Reserve Bank of India (Amalgamation of Private Sector Banks) Directions, 2016 dated April 21, 2016 relate to: (i) an amalgamation of two banking companies; and (ii) an amalgamation of a NBFC with a banking company. In case of an amalgamation of two banking companies, the draft scheme of amalgamation must be approved by the board and the requisite majority of shareholders of each of the banking companies. Additionally, such approved draft scheme must also be submitted to the RBI for sanction.

Where an NBFC is proposed to be amalgamated into a banking company, the banking company should obtain the approval of the board of the banking company and NBFC and the RBI before it is submitted to the relevant National Company Law Tribunal for approval.

Regulation of financial services provided by banks

The Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 dated May 26, 2016 as amended on September 25, 2017 require banks to comply with certain restrictions while undertaking financial services including in relation to risk mitigation measures, limits on investment that can be made by banks in companies undertaking financial services. The directions also provide for specific regulations for certain financial services such as, *inter alia*, setting of an infrastructure debt fund, underwriting activities, mutual fund business, insurance.

Guidelines on management of intra-group transactions and exposures

The RBI issued the "Guidelines on Management of Intra-Group Transactions and Exposures on February 11, 2014". Pursuant to the said guidelines, the RBI has prescribed quantitative limits on financial intra-group transactions and exposures and prudential measures for the non-financial intra-group transactions and exposures. These guidelines also require that all intra- group transactions to be at "arms-length".

The objective of these guidelines is to ensure that banks engage in intra-group transactions and exposures in safe and sound manner in order to contain concentration and contagion risks arising out of such transactions.

Capital and provisioning requirements for exposures to entities with unhedged foreign currency exposure

The RBI issued a circular relating to "Capital and Provisioning Requirements for Exposures to entities with Unhedged Foreign Currency Exposure" on January 15, 2014. Pursuant to these guidelines, the RBI has introduced incremental provisioning and capital requirements for bank exposures to entities with unhedged foreign currency exposures. The circular also lays down the method of calculating the incremental provisioning and capital requirements. The banks will be required to calculate the incremental provisioning and capital requirements at least on a quarterly basis. This framework became fully effective from April 1, 2014.

Revised Prompt Corrective Action (PCA) framework for banks

The RBI vide its circular dated April 13, 2017 has reviewed and revised the Prompt Corrective Action (PCA) framework for banks, which is effective from April 1, 2017. The PCA framework sets out certain 'risk thresholds', the breach of which would mandate the relevant bank to implement certain mandatory and discretionary actions. The 'risk thresholds' take into consideration the capital adequacy ratio, net non-performing advances ratio, return on assets and the leverage ratio of the relevant bank.

The Banking Ombudsman Scheme, 2006

The Banking Ombudsman Scheme, 2006 provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters and has gone through various amendments to provide for revised procedures for redressal of grievances by a complainant under the scheme and to broaden the scope of complaints addressed by the Banking Ombudsman.

Declaration of dividend by banks

The payment of dividends by banks is subject to restrictions under the Banking Regulation Act. Section 15(1) of the Banking Regulation Act states that no banking company may pay any dividend on its shares until all its capitalized expenses (including preliminary expenses, organisation expenses, share-selling commissions, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off. In addition, Section 17(1) of the Banking Regulation Act and RBI circular dated September 20, 2006 requires every banking company to create a reserve fund and, out of the balance of the profit of each year as disclosed in the profit and loss account, transfer a sum equivalent to not less than 25% of such profit to the reserve fund before declaring any dividend. If there is an appropriation from this account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation.

Further, on May 4, 2005, the RBI issued guidelines on 'Declaration of Dividends by Banks', which prescribed certain conditions for declaration of dividends by banks.

In light of the recent COVID-19 situation, the RBI has mandated on April 17, 2020, that the banks shall not make any further dividend payouts from the profits pertaining to the financial year ended March 31, 2020 until further instructions. This restriction shall be reassessed by the Reserve Bank based on the financial results of banks for the quarter ending September 30, 2020.

Regulations governing international operations

The Bank's international operations are governed by regulations in the countries in which the Bank has a presence.

Consolidated supervision guidelines

In 2003, the RBI issued guidelines for consolidated accounting and consolidated supervision for banks. These guidelines became effective on August 1, 2003. The principal features of these guidelines are:

- Consolidated financial statements: Banks are required to annually prepare consolidated financial statements intended for public disclosure.

- Consolidated prudential returns: Banks are required to submit to the RBI, at periodic intervals, consolidated prudential returns for supervisory assessment of risks which may be transmitted to the financial institutions by other group members, excluding insurance subsidiaries.

Regulations relating to making loans

The provisions of the Banking Regulation Act govern the making of loans by banks in India. The RBI issues directions covering the loan activities of banks. Some of the major guidelines of the RBI, which are now in effect, are as follows:

- The RBI has prescribed norms for banks lending to non-bank financial companies and the financing of public sector disinvestment;

- With a view to providing banks greater operational flexibility, RBI has allowed banks to review the Base Rate methodology after three years from date of its finalization instead of the current periodicity of five years. Accordingly, banks may change their Base Rate methodology after completion of prescribed period with the approval of their board of directors/ALCO. Banks will, however, not be allowed to change their methodology during the review cycle; and

- Section 21A of the Banking Regulation Act provides that the rate of interest charged by a bank shall not be reopened by any court on the ground that the rate of interest charged by a bank is excessive. The Banking Regulation Act provides for protection to banks for interest rates charged by them.

Classification and Reporting of Fraud Cases

The RBI issued a master direction on July 1, 2016 (as updated upto July 3, 2017) on the classification and reporting of fraud cases. The fraud cases have been classified into misappropriation and criminal breach of trust, fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property, unauthorised credit facilities extended for reward or for illegal gratification, negligence and cash shortages, cheating and forgery, fraudulent transactions involving foreign exchange and any other type of fraud not coming under the specific heads as above. Cash shortages resulting from negligence and fraudulent forex transactions involving irregularities / violation of regulations have also to be reported as fraud if the intention to cheat/defraud is suspected or proved. Information relating to frauds for the quarters ending June, September and December may be placed before the audit committee of the board of directors during the month following the quarter to which it pertains. Banks are also required to conduct an annual review of the frauds and place a note before the board of directors for information. The reviews for the year-ended March may be put up to the board of directors before the end of the next quarter i.e. for the quarter ended June 30 and such reviews need not be sent to RBI. These may be preserved for verification by the Reserve Bank's inspecting officers. Additionally, banks have to constitute a special committee for monitoring and follow up of cases of frauds involving amounts of 10 million and above exclusively. Such committee is required to meet and review as and when a fraud involving an amount of `10 million and above comes to light. Pursuant to the RBI notification dated January 21, 2016, the RBI, has *inter alia*, increased the limits in relation to flash reporting to RBI of fraud cases to `50 million as against the earlier limit of `10 million and above.

Issue of Long Term Bonds by Banks - Financing of Infrastructure and Affordable Housing

In order to ensure adequate credit flow to infrastructure sector also towards the affordable housing needs of the country, RBI issued guidelines on issue of long term bonds by banks on July 15, 2014, amended from time to time. Banks can issue long-term bonds with a minimum maturity of seven years to raise resources for lending to (i) long term projects in infrastructure sub-sectors, and (ii) affordable housing. As a regulatory incentive, these bonds exempted from computation of net demand and time liabilities and would therefore not be subjected to CRR / SLR requirements subject to certain conditions. Eligible bonds will also get exemption in computation of ANBC for the purpose of priority sector lending ("**PSL**").

Marginal Cost of Funds based Lending Rate (MCLR)

Pursuant to the notification issued by RBI dated December 17, 2015, all rupee loans sanctioned and credit limits renewed with effect from April 1, 2016 are to be priced with reference to the MCLR which is the internal benchmark for such purposes. MCLR comprise of: (a) marginal cost of funds; (b) negative carry on account of CRR; (c) operating costs and; (d) tenor premium.

In terms of the notification, the board of directors of the banks is required to adopt a policy delineating the components of spread charged to a customer. Actual lending rates are to be determined by adding the components of spread to the MCLR. Further, no lending below the MCLR of a particular maturity for all loans linked to that benchmark is permitted. The aforementioned notification provides exemption to certain loans from being linked to MCLR as the benchmark for determining interest rate. Further, the aforementioned notification also provides for review of MCLR, reset of interest rates, treatment of interest rates linked to base rate charged to existing borrowers and mandates all the banks to move to the MCLR based pricing from April 1, 2016.

External benchmark based lending

The RBI *vide* circular dated September 04, 2019 (as amended from time to time) mandated that all new floating rate personal or retail loans (housing, auto, etc.) and floating rate loans extended by banks to Micro and Small Enterprises from October 01, 2019 and floating rate loans to Medium Enterprises from April 01, 2020 extended by banks shall be linked to external benchmarks. Banks are free to offer such external benchmark linked loans to other types of borrowers as well.

In furtherance of the same, the said new floating rate shall be benchmarked to one of the following: (1) RBI's policy repo rate; (2) Government of India 3-Months Treasury Bill yield published by the Financial Benchmarks India Private Ltd ("**FBIL**"); (3) Government of India 6-Months Treasury Bill yield published by the FBIL; and (4) Any other benchmark market interest rate published by the FBIL.

The adoption of multiple benchmarks by the same bank is not allowed within a loan category.

Banks are free to decide the spread over the external benchmark, subject to the conditions specified in the aforesaid circular. The interest rate under external benchmark shall be reset at least once in three months.

Scheme to set up IFSC Banking Units (IBUs)

The RBI has *vide* its circular dated April 1, 2015 (as amended from time to time) formulated a scheme for the setting up of International Financial Services Centres ("**IFSC**") Banking Units ("**IBUs**") by banks in IFSCs. IBUs are permitted to engage in banking business in foreign currency and can undertake transactions with non-resident entities other than individual/ retail customers/ HNIs. The minimum capital requirement for these banking units would be U.S. Dollars 20 million. The minimum capital requirement, including for the exposures of the IBU, shall be maintained on an on-going basis at the parent level as per regulations in the home country. Funds raised by the banking units, including borrowings in foreign currency, would have to be from persons not resident in India and overseas branches of Indian Banks. Deployment of funds can be with both persons resident in India as well as not resident in India. Liabilities of these units would be exempted from cash reserve ratio and the statutory liquidity ratio. The banking units will have to maintain the minimum regulatory capital as prescribed by RBI and prudential norms applicable to overseas branches of Indian banks would apply to these banking units. The banking units would operate and maintain their balance sheet only in foreign currency and will not be allowed to deal in Indian rupees, except having a special rupee account for administrative expenses. The loans and advances of these banking units would not be included for priority sector lending requirements. IBUs are not allowed to open any savings accounts. IBUs can open foreign currency current accounts of units operating in IFSC and of non-resident institutional investors to facilitate their investment transactions. They can also open foreign currency current accounts (including escrow accounts) of their corporate borrowers subject to the provisions of FEMA 1999 and regulations issued thereunder, in addition to the provisions of the aforementioned circular.

Implementation of Indian Accounting Standards ("Ind AS")

The MCA notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015, pursuant to which the banking companies were exempted to comply with Ind AS for preparation of financial statements. However, in terms of the MCA press release dated January 18, 2016, the scheduled commercial banks are required to prepare Ind AS based financial statements on consolidated and standalone basis in relation to accounting period beginning from April 1, 2018 onwards, with comparatives for the period ending March 31, 2018 or thereafter and not even voluntarily before that. Further, pursuant to the notification dated February 11, 2016, RBI has advised scheduled commercial banks to *inter alia,* set up a Steering Committee headed by an official of the rank of an Executive Director (or equivalent) comprising members from cross-functional areas of the bank to immediately initiate the Ind AS implementation process.

Earlier all scheduled commercial banks were required to follow Ind AS for financial statements for accounting periods beginning from April 1, 2018 onwards, which has now been deferred by RBI on March 22, 2019 until further notice, pending necessary legislative amendments to the Banking Regulation Act, 1949 and keeping in view, the level of preparedness of many banks. Ind AS would be applicable to both standalone financial statements and consolidated financial statements.

Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances dated July 1, 2015 ("Prudential Norms")

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank. The Prudential Norms further, specify the timeline within which specific assets are to be considered non-performing. Once the account has been classified as a non-performing asset, the unrealized interest and other income already debited to the account is derecognized and further interest is not recognized or credited to the income account unless collected in cash. The Prudential Norms require banks to further classify NPAs into the following three categories based on the period for which the asset has remained non- performing and the realisability of the dues (i) sub-standard assets; (ii) doubtful assets; and (iii) loss assets. These norms also specify provisioning requirements specific to the classification of the assets. Further, the RBI pursuant to the circular on Prudential Norms has decided that banks should maintain provisioning coverage ratio, including floating provisions, of at least 70.00%. The RBI issued revised "Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions" on May 30, 2013. Pursuant to those guidelines, from April 1, 2015 advances that are restructured (other than change in date of commencement of commercial operation ("**DCCO**") of Infrastructure and non Infrastructure project) would be immediately classified as sub-standard on restructuring and the non-performing assets, upon restructuring, would continue to have the same asset classification as prior to restructuring and slip into further lower asset classification categories as per the extant asset classification norms with reference to the pre-restructuring repayment schedule. The "Review of Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions" dated May 30, 2013 have been repealed under the Revised Framework, with an exception of paragraph 2 on change in DCCO. In February 2020, the RBI published the Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances ("IRACP") - Projects under Implementation to harmonise the guidelines for DCCO for projects in non-infrastructure and commercial real estate ("**CRE"**) sectors. It revised guidelines for deferment of DCCO for projects in non-infrastructure and CRE sectors. The revised guidelines, inter alia, permitted extension of such DCCO for CRE loans, delayed for reasons beyond the control of promoters, by another one year without downgrading the asset classification. Such extension however, requires banks' board to be satisfied about the viability of the project and the restructuring plan.

Master Regulations and Guidelines of the SEBI

SEBI was established in 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to protect the interests of public investors in securities and to promote the development of, and to regulate, the Indian securities market including all related matters. The SEBI Act also provides for the registration and regulation of the function of various market intermediaries including stock brokers, depository participants, merchant bankers, portfolio managers, investment advisers, and research analysts. Pursuant to the SEBI Act, SEBI has formulated various rules and regulations to govern the functions and working of these intermediaries. SEBI also issues various circulars, notifications and guidelines from time to time in accordance with the powers vested with it under the SEBI Act. SEBI has the power to impose (i) monetary penalty under the SEBI Act and the regulations made thereunder, and (ii) penalties prescribed under the SEBI Intermediaries Regulations including suspending or cancelling the certificate of registration of an intermediary and to initiate prosecution under the SEBI Act. Further, SEBI has the power to conduct inspection of all intermediaries in the securities market, including, stock brokers, sub brokers, investment advisers, merchant bankers, underwriters, research analysts, to ensure, amongst others, that the books of account are maintained in the manner required in accordance with applicable law.

We are subject to regulations prescribed by SEBI in respect of capital issuances as well as some of our activities, including acting as agent for collecting subscriptions to public offerings of securities made by other Indian companies, underwriting, custodial, depositary participant, and investment banking and because our Equity Shares are listed on Indian stock exchanges. These regulations provide for registering with SEBI the functions, responsibilities and the code of conduct applicable for each of these activities.

Other laws

In addition to the above, our Bank is also required to comply with the provisions of the Companies Act and rules framed thereunder, and other applicable statutes imposed by the Central or the State Government and other authorities for our day-to-day business and operations. Our Bank is also amenable to various central and state tax laws.

Corporate Governance Standards

The RBI on June 11, 2020 has released a Discussion Paper on 'Governance in Commercial Banks in India' for public comments. This discussion paper seeks to align the current regulatory framework with global best practices for commercial banks including private sector banks in India. The paper *inter alia*, recommends that only non – executive directors will be part of the audit committee, risk management committee and the nomination and remuneration committee of the board of the bank, it limits the continuous tenure of all non-executive directors on the board including the chair to eight years, and discusses the development of Risk Appetite Framework and Risk Appetite Statement by banks.

COVID -19 Regulatory Framework

In light of the recent COVID-19 pandemic, the RBI has come up with various regulatory frameworks and relaxations to taken / to be availed by the respective banks to deal with the disruptions caused by the pandemic.

The RBI *vide* its circular dated March 16, 2020, has provided an indicative list of actions to be taken by the banks as part of their operations and business continuity plans including *inter alia* encourage their customers to use digital banking facilities, take steps of sharing important instructions/ strategy with the staff members at all levels and sensitizing the staff members about preventive measures/steps to be taken in suspected cases, based on the instructions received from health authorities, from time-to-time and to take stock of critical processes and revisiting Business Continuity Plan (BCP) in the emerging situations/scenarios with the aim of continuity in critical interfaces and preventing any disruption of services, due to absenteeism either driven by the individual cases of infections or preventive measures.

The RBI *vide* its circular dated March 27, 2020, announced certain regulatory measures *inter alia* to mitigate the burden of debt servicing due to the pandemic and to ensure the continuity of viable businesses. In furtherance of the same, a moratorium of three months was granted on payment of all instalments (including all (i) principal and/or interest components; (ii) bullet repayments; (iii) Equated Monthly instalments; (iv) credit card dues) falling due between March 1, 2020 and May 31, 2020 in respect of all term loans (including agricultural term loans, retail and crop loans) ("**Moratorium Period**"). Additional relaxations have been granted in relation to the 'drawing power' in respect of working capital facilities sanctioned in the form of CC/OD to borrowers. Such measures would not result in asset classification downgrade. The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs) by the lending institutions. CICs have been instructed to ensure that the actions taken by lending institutions pursuant to the above announcements do not adversely impact the credit history of the beneficiaries. The circular also lays down that wherever the exposure of a lending institution to a borrower is ₹ 5 crore or above as on March 1, 2020, the bank shall develop an MIS on the reliefs provided to its borrowers which shall, *inter alia*, include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.

The RBI *vide* DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 further permitted the lending institutions to extend the Moratorium Period on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans) by another three months i.e. from June 1, 2020 to August 31, 2020. In relation to working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are permitted to allow a deferment of another three months, from June 1, 2020 to August 31, 2020, on recovery of interest applied in respect of all such facilities. In respect of such working capital facilities, lending institutions are permitted, at their discretion, to convert the accumulated interest for the deferment period up to August 31, 2020, into a funded interest term loan which shall be repayable not later than March 31, 2021. As mentioned above, such changes will not be treated as concessions granted due to 'financial difficulty' of the borrower under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 dated June 7, 2019 and consequently, will not result in asset classification downgrade.

In respect of such working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may, as a one-time measure,

(i) recalculate the 'drawing power' by reducing the margins till August 31, 2020. However, in all such cases where such a temporary enhancement in drawing power is considered, the margins shall be restored to the original levels by March 31, 2021; and/or,

(ii) review the working capital sanctioned limits upto March 31, 2021, based on a reassessment of the working capital cycle.

The above measures under the RBI circular dated May 23, 2020, shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19. Lending institutions may, accordingly, put in place a Board approved policy to implement the above measures.

The RBI *vide* its circular dated April 17, 2020 on "COVID19 Regulatory Package – Review of Resolution Timelines under the Prudential Framework on Resolution of Stressed Assets", provided detailed instructions in relation to the extension of resolution timelines under the Revised Framework. In respect of accounts which were within the Review Period as on March 1, 2020, the period from March 1, 2020 to May 31, 2020 shall be excluded from the calculation of the 30-day timeline for the Review Period. In respect of all such accounts, the residual Review Period shall resume from June 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution. In respect of accounts where the Review Period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 90 days from the date on which the 180-day period was originally set to expire. Further the RBI *vide* its circular dated May 23, 2020 has further extended this period by another three months i.e. June 1, 2020 to August 31, 2020. In respect of accounts which were within the Review Period as on March 1, 2020, the period from March 1, 2020 to August 31, 2020 shall be excluded from the calculation of the 30-day timeline for the Review Period. In respect of all such accounts, the residual Review Period shall resume from September 1, 2020, upon expiry of which the lenders shall have the usual 180 days for resolution. In respect of accounts where the Review Period was over, but the 180-day resolution period had not expired as on March 1, 2020, the timeline for resolution shall get extended by 180 days from the date on which the 180-day period was originally set to expire.

The RBI *vide* its circular dated April 17, 2020 on "COVID19 Regulatory Package - Asset Classification and Provisioning" has *inter alia* specified instructions in relation to asset classification and provisioning of all terms loans and working capital facilities. The Moratorium Period shall be excluded by the banks for calculating the number of days past-due (out of order status for working capital facilities) for the purpose of asset classification under the Income Recognition and Asset Classification norms in respect of all accounts classified as standard or SMA as on February 29, 2020.

The RBI *vide* its circular dated April 30, 2020 has extended the timelines for submission of various regulatory returns by a period of 30 days from the due date in lieu of the disruptions caused by the pandemic. The extension will be applicable to regulatory returns required to be submitted upto June 30, 2020. No extension in timeline is permitted for submission of statutory returns i.e. returns prescribed under the Banking Regulation Act, 1949, RBI Act, 1934 or any other Act (for instance, returns related to CRR/SLR). Further, all communication to the Department of Regulation should be through corporate e-mail to the extent possible (i.e., without involving physical movement of papers) until further notice.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Bank

Our Bank was incorporated on November 21, 2003, in Mumbai under the Companies Act, 1956 and a certificate of incorporation was granted to our Bank by the Registrar of Companies, Maharashtra at Mumbai. A certificate of commencement of business dated January 21, 2004 was issued to our Bank by the Registrar of Companies, Maharashtra at Mumbai. Our Bank is a scheduled commercial bank within the meaning of the RBI Act, and received a license to commence banking operations in India from the RBI on May 24, 2004. Further, the RBI by its letter dated September 2, 2004, included our Bank in the second schedule of the RBI Act with effect from August 21, 2004 and a corresponding notification was published in the Official Gazette of India (Part III – Section 4) on August 16, 2004.

Our Bank filed a prospectus dated June 24, 2005, in respect of an IPO of its equity shares of face value of ₹10 each. Such equity shares were listed on BSE and NSE pursuant to the IPO.

On March 5, 2020, the Central Government, based on the RBI's application, imposed a moratorium under Section 45 of the Banking Regulation Act, 1949 effective from March 5, 2020 up to and inclusive of April 3, 2020. The RBI, in consultation with the Central Government, and in exercise of its powers under section 36ACA of the Banking Regulation Act 1949, superseded the board of directors of the Bank on March 5, 2020. Subsequently, on March 6, 2020, the RBI proposed a draft reconstruction scheme, and in terms of Section 45(6)(b) of the Banking Regulation Act, 1949, the draft scheme was placed on RBI's website for suggestions and objections, if any, from the members, depositors or creditors of the Bank by March 9, 2020, for consideration. Further, on March 13, 2020, the Government of India notified the Yes Bank Limited Reconstruction Scheme 2020 ("**Reconstruction Scheme**"). Among other things, the Reconstruction Scheme provided for cessation of the imposed moratorium with effect from 18:00 hours on March 18, 2020.

Salient Features of the Reconstruction Scheme

Share Capital

1. The authorised share capital of the Bank was increased to ₹6,200 crore, comprising equity share capital of ₹6,000 crore and preference share capital of ₹ 200 crore;

2. State Bank of India ("**SBI**") and other investors in the Scheme, including Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Federal Bank Limited, Bandhan Bank Limited and IDFC First Bank Limited invested an amount aggregating to ₹ 10,000 crores in the Bank at a price of ₹ 10 per Equity Share of the Bank (₹ 2 face value with a ₹ 8 premium);

3. SBI is required to hold at least 26% of the equity share capital of the Bank (for a period of three years from the date of allotment of the Equity Shares pursuant to the Reconstruction Scheme i.e. March 14, 2020) and shall not hold more than 49% of the equity share capital of the Bank;

4. Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Federal Bank Limited, Bandhan Bank Limited and IDFC First Bank Limited are subject to a three year lock-in for 75% of the Equity Shares allotted to them under the Reconstruction Scheme from the commencement of the Reconstruction Scheme i.e. March 13, 2020;

5. Existing shareholders (other than existing shareholders holding less than 100 equity shares) in the Bank as on March 13, 2020, are subject to a lock-in for 75% of their shareholding for a period of three years from the commencement of the Reconstruction Scheme, *i.e.* from March 13, 2020; and

6. SBI, Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Federal Bank Limited, Bandhan Bank Limited and IDFC First Bank Limited shall be treated as 'public shareholders' of the Bank for a period of five years from the date of allotment of Equity Shares to them under all applicable laws.

Voting Rights

1. Any of Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Federal Bank Limited, Bandhan Bank Limited and IDFC First Bank Limited, may exercise voting rights to the extent of the lower of (i) its shareholding; or (ii) 9% of the total voting rights of all the shareholders of the Bank; or (iii) as may be decided by the RBI.

2. The RBI may, after satisfying itself that any of the above mentioned shareholders holding more than 9% of the Equity Shares in the Bank is 'fit and proper' to hold voting rights in excess of 9%, permit such shareholder to exercise voting rights to the extent of the lower of its shareholding or 15% of the total voting rights of all equity shareholders of the Bank.

3. The RBI vide email dated May 20, 2020 clarified that SBI is entitled to exercise 26% voting rights in terms of provisions of Section 12(2) of the Banking Regulation Act, 1949 and Gazette Notification DBR.PSBD. No.1084/16.13.100/2016-17 dated July 21, 2016.

Alteration of Articles of Association

Article nos. 110(b), 127(b), 127A(a) and 127A(b) were omitted, which terminated the rights of certain members of the promoters and promoter group, including the right to appoint three representative Directors and the right to recommend the Chairman and CEO.

Board of Directors

1. The Board was to be reconstituted within seven days from cessation of the Moratorium with:

   - Prashant Kumar, former chief financial officer and deputy managing director of State Bank of India, as CEO & Managing Director
   - Sunil Mehta, former non-executive chairman of Punjab National Bank, as Non-Executive Chairman
   - Mahesh Krishnamurti as Non-Executive Director
   - Atul Chunilal Bheda as Non-Executive Director

2. SBI was required to nominate two officers as Directors, in addition to the directors specified above;

3. The RBI may appoint one or more persons as Additional Directors, as it may consider necessary;

4. Any of Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Federal Bank Limited, Bandhan Bank Limited and IDFC First Bank Limited, who is permitted by the RBI to have voting rights of 15% was given the right to nominate one Director on the Board;

5. The Board may, at its discretion, co-opt more Directors to it. However, the total number of directors, excluding the Additional Directors appointed by the RBI, shall not exceed the maximum prescribed by the Bank's Articles of Association, *i.e.* 15;

6. Further, the Reconstruction Scheme specifically clarified that:

   - The appointment of the Directors shall have effect, notwithstanding non-fulfilment of any requirement as to minimum shareholding, qualification, experience or any other condition, for being a director of the Bank;

   - Any defect in the constitution or any vacancy in the Board shall not invalidate any meetings conducted by the Board or any decision taken by it; and

   - Once the Board is reconstituted, the members of the Board so appointed, other than the Additional Directors, shall continue in office for a period of one year, or until an alternate Board is constituted by the Bank in accordance with the procedure laid down in its memorandum and articles of association, whichever is later.

Re-classification of promoters and promoter group of the Bank

Pursuant to SEBI's letter dated June 9, 2020, bearing reference no. SEBI/HO/CFD/CMD1/OW/2020 ("**SEBI Letter**"), and approvals issued by the Stock Exchanges, each dated June 12, 2020, pursuant to Regulation 31A of the SEBI Listing Regulations, the erstwhile promoters and persons belonging to the promoter group (*i.e.* Rana Kapoor, Madhu Kapur, Morgan Credits Private Limited, Yes Capital (India) Private Limited and Mags Finvest Pvt Ltd) were re-classified as public shareholders. Our Bank is now professionally managed and is a 'listed entity with no promoters' in terms of the SEBI Listing Regulations.

Further, in accordance with the SEBI Letter, our Bank is required to:

(a) file an affidavit before the Bombay High Court informing the court about the Reconstruction Scheme and the consent received from Madhu Kapur group for reclassification. The Bank was also asked to take steps to get the stay vacated;

(b) submit the copies of the application submitted to the Stock Exchanges for reclassification of the erstwhile promoters / person(s) belonging to the erstwhile promoter group as public shareholders, and the SEBI Letter with the Stock Exchanges, in accordance with the SEBI Listing Regulations;

(c) inform its shareholders about the re-classification of its erstwhile promoters and persons belonging to the erstwhile promoter group in its next annual general meeting / extra-ordinary general meeting of the Bank;

(d) take necessary steps to modify / delete Article 110(c) and specific portions of Article 111(d), Article 118(b) and Article 121 of its AoA, which have become redundant, infructuous and inconsequential pursuant to omission of the deleted Articles under the Reconstruction Scheme.

Changes in our Registered Office

The details of changes in our registered office since the incorporation of our Bank are given below:

Date of change	**Change in address**	**Reason(s) for change**
October 25, 2018	From 9th Floor, Nehru Centre, Discovery of India, Dr. Annie Besant Road, Worli, Mumbai - 400018, India to YES BANK Tower, IFC-2, 15th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai– 400013, India	Administrative and operating convenience

Main objects

The main objects of our Bank as contained in our Memorandum of Association are as follows:

1. *"To establish and carry on business of banking in any part of India or outside India.*
2. *To carry on the business of accepting, for the purpose of lending or investment, of deposits of money repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise.*
3. *To borrow, raise or take up money, lend or advance money with or without interest either upon or without security.*
4. *To draw, make, execute, issue, endorse, negotiate, accept, discount, buy, sell, collect and deal in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, bonds, mortgage-backed securities, letters of credit or obligations, certificates, scrips and other instruments and securities whether transferable or negotiable or mercantile or not.*
5. *To grant and issue letters of credit, traveller's cheques and circular notes, buy, sell and deal in bullion and specie.*
6. *To receive all kinds of bonds, scrips or valuables on deposit or for safe custody or otherwise, provide safe deposit vaults, collect and transmit money, negotiable instruments and all securities.*
7. *To buy, acquire, issue on commission, deal, sell, dispose of, exchange, convert, underwrite, subscribe, participate, invest in and hold whether on its own account or on behalf of any person, body corporate, company, society, firm or association of persons whether incorporated or not, shares, stocks, funds, debentures, debenture stocks, units, promissory notes, bills of exchange, bonds, warrants, participation certificates or participating units, other money market or capital market instruments, obligations and securities and investments of all kinds issued or guaranteed by any government, state, dominion, sovereign body, commission, public body or authority, supreme, local or municipal or company or body, whether incorporated or not or by any person or association.*

8. *To act as foreign exchange dealer and to buy, sell or otherwise deal in all kinds of foreign currencies including foreign bank notes, foreign currency options, forward covers, swaps of all kinds and to transact for itself or on behalf of any person, body corporate, company, society, firm or association of persons whether incorporated or not, all transactions in foreign currencies.*
9. *To carry on the activities of bill discounting, rediscounting bills, marketing, factoring, dealing in commercial paper, treasury bills, certificate of deposits and other financial instruments.*
10. *To act as agents for any government or local authority or any other person or persons, carry on agency business of any description including clearing and forwarding of goods, give receipts and discharges and otherwise act as an attorney on behalf of customers, but excluding the business of a managing agent or secretary and treasurer of a company.*
11. *To contract for public and private loans and advances and negotiate and issue the same.*
12. *To form, constitute, promote, act as managing and issuing agents, prepare projects and feasibility reports for and on behalf of any company, association, society, firm, individual and body corporate.*
13. *To carry on and transact every kind of guarantee and indemnity business.*
14. *To undertake and execute trusts and the administration of estates as executor or trustee.*
15. *To act as Registrar and Transfer Agents and Registrar to the Issue, Issue Agents and Paying Agents.*
16. *To provide custodial and depository services and to do all such things as may be advised, permitted or required for this purpose in accordance with the prevailing laws of the country.*
17. *To effect, insure, guarantee, underwrite, participate in managing and carrying out of any issue, public or private, of state, municipal or other loans or of shares, stocks, debentures or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue.*
18. *To issue debit or credit cards to customers or any other person.*
19. *To provide or assist in obtaining, directly or indirectly, advice or services in various fields such as management, finance, investment, technology, administration, commerce, law, economic, labour, human resources development, industry, public relations, statistics, science, computers, accountancy, taxation, fund management, foreign exchange dealings, quality control, processing, strategic planning and valuation.*
20. *To act as agents for insurance products such as life, pension & employees benefit, fire, marine, cargo, marine hull, aviation, oil & energy, engineering, accident, liability, motor vehicles, transit & other products and to carry on the business of insurance, re-insurance and risk management either directly or as an insurance agent, insurance broker or otherwise.*
21. *To provide consultancy and advisory services in respect of insurance matters including risk management, credit management, insurance management, to Indian and Foreign governments, States, dominions, sovereigns, public authorities or bodies, schools, colleges, universities, or any person, firm, company, corporation, body corporate, society, association of person, body, forum, whether incorporated or not, whether in the private or public sector and whether profit oriented or not;*
22. *To carry on the business of Merchant Banking, Investment Banking, Portfolio Investment Management and to act as financial consultants, advisors, agents, distributors and brokers, to individuals, firms, sole proprietors, body corporates, Government bodies, Government for all immovable and movable properties including assets, cash, money deposits, stocks, all types of securities, government bonds and securities, units of mutual funds, mortgages, pledge, obligations, guarantees, gold, bullion, precious metals and arts.*
23. *To set up an Infrastructure Debt Fund and to carry on the business of Mutual Fund operations, equipment leasing and hire purchase."*

The main objects as contained in our Memorandum of Association enable our Bank to carry on our existing business.

Amendments to our Memorandum of Association in the last 10 years

Our Memorandum of Association has been amended in the last 10 years preceding the date of this Prospectus as set out below:

Date of Shareholders' resolution	Particulars
March 13, 2020*	(i) Clause V of our MoA was substituted pursuant to increase in the authorised share capital of the Bank, to the following: "*V. The authorized capital of the Company shall be Rs.62,00,00,00,000 (Rupees Six Thousand Two Hundred Crores only) divided into:*

Date of Shareholders' resolution	Particulars
	(a) 30,00,00,00,000 equity shares of Rs.2/- each aggregating to Rs.60,00,00,00,000 (Rupees Six Thousand Crores only); and *(b) 2,00,00,000 preference shares of Rs.100/- each aggregating to Rs.200,00,00,000 (Rupees Two Hundred Crore only).* *with rights, privileges and conditions, as are provided under the Articles of Association of the Company and in accordance with applicable law, with power to increase or reduce or reclassify or alter the share capital of the Company and to divide/consolidate the shares in the capital for the time being into several classes and face values and to attach thereto respectively such preferential, cumulative, convertible, guarantee, qualified or other special rights, privileges, conditions or restrictions, as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such right, privilege or condition or restriction in such manner as may for the time being be permitted by the Articles of Association of the Company or the legislative provisions for the time being in force.* *The paid-up share capital of the Company shall be in compliance with the provisions of Section 12 of the Banking Regulation Act, 1949 and the licensing conditions as prescribed by the Reserve Bank of India."*
February 7, 2020	(i) Clause V of our MoA was substituted pursuant to increase in the authorised share capital of the Bank, to the following: "*V. The authorized capital of the Company shall be Rs.1,100,00,00,000 (Rupees Eleven Hundred Crore only) divided into:* *(a) 450,00,00,000 equity shares of Rs.2/- each aggregating to Rs.900,00,00,000 (Rupees Nine Hundred Crore only); and* *(b) 2,00,00,000 preference shares of Rs.100/- each aggregating to Rs.200,00,00,000 (Rupees Two Hundred Crore only).* *with rights, privileges and conditions, as are provided under the Articles of Association of the Company and in accordance with applicable law, with power to increase or reduce or reclassify or alter the share capital of the Company and to divide/consolidate the shares in the capital for the time being into several classes and face values and to attach thereto respectively such preferential, cumulative, convertible, guarantee, qualified or other special rights, privileges, conditions or restrictions, as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such right, privilege or condition or restriction in such manner as may for the time being be permitted by the Articles of Association of the Company or the legislative provisions for the time being in force.* *The paid-up share capital of the Company shall be in compliance with the provisions of Section 12 of the Banking Regulation Act, 1949 and the licensing conditions as prescribed by the Reserve Bank of India.*"
September 8, 2017	(i) Clause V of our MoA was substituted pursuant to increase in the authorised share capital of the Bank, to the following: "*V. The authorized capital of the Company shall be Rs. 800,00,00,000 (Rupees Eight Hundred Crores only) divided into:* *(a) 300,00,00,000 equity shares of Rs. 2 each aggregating to Rs. 600,00,00,000 (Rupees Six Hundred Crores only); and* *(b) 2,00,00,000 preference shares of Rs. 100 each aggregating to Rs. 200,00,00,000 (Rupees Two Hundred Crores only)* *with rights, privileges and conditions, as are provided under the Articles of Association of the Company and in accordance with applicable law, with power to increase or reduce or*

Date of Shareholders' resolution	Particulars
	reclassify or alter the share capital of the Company and to divide/consolidate the shares in the capital for the time being into several classes and face values and to attach thereto respectively such preferential, cumulative, convertible, guarantee, qualified or other special rights, privileges, conditions or restrictions, as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such right, privilege or condition or restriction in such manner, as may for the time being, be permitted by the Articles of Association of the Company or the legislative provisions, for the time being in force. *The minimum paid-up share capital of the company shall be Rs. 5,00,000."*
June 4, 2016	(i) Clause V of our MoA was substituted pursuant to increase in the authorised share capital of the Bank, to the following: "*V. The authorized capital of the Company shall be Rs. 800,00,00,000 (Rupees Eight Hundred Crores only) divided into:* *(a) 60,00,00,000 equity shares of Rs. 10 each aggregating to Rs. 600,00,00,000 (Rupees Six Hundred Crores only); and* *(b) 2,00,00,000 preference shares of Rs. 100 each aggregating to Rs. 200,00,00,000 (Rupees Two Hundred Crores only)* *with rights, privileges and conditions, as are provided under the Articles of Association of the Company and in accordance with applicable law, with power to increase or reduce or reclassify or alter the share capital of the Company and to divide/consolidate the shares in the capital for the time being into several classes and face values and to attach thereto respectively such preferential, cumulative, convertible, guarantee, qualified or other special rights, privileges, conditions or restrictions, as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such right, privilege or condition or restriction in such manner, as may for the time being, be permitted by the Articles of Association of the Company or the legislative provisions, for the time being in force.* *The minimum paid-up share capital of the company shall be Rs. 5,00,000."* (ii) Insertion of following Clause after Clause 22 in the "Main Objects": "*23. To set up an Infrastructure Debt Fund and to carry on the business of Mutual Fund operations, equipment leasing and hire purchase*." (iii) Replacing existing Clause 33 with the following clause in the "Objects Incidental or Ancillary to the attainment of the Main Objects": "*33. To procure the registration, incorporation or recognition of the Company under the law or regulations of any other place outside India including by way of establishing branches, offices, agencies or marketing organizations or appointing representatives or employees or both (whether individuals, firms or bodies corporate) in order to arrange for selling or providing services of the Company and to purchase or otherwise acquire articles, things and services as are necessary for carrying on the business of the Company. To pay all costs, charges and expenses incurred or sustained in or about the promotion, incorporation and establishment of the Company or which the Company shall consider to be preliminary, out of the funds of the Company and to allot, specify, alter or modify the areas of operation or the terms and conditions of appointment, as applicable and to pay fees or remuneration to such representatives and employees or both by way of such commission or in such other manner as the Company may deem fit."* (iv) Clauses from existing Sr. No. 23 to Sr. No. 66 in "Objects Incidental or Ancillary to the attainment of the Main Objects" were renumbered as Sr. No. 24 to Sr. No. 67;

Date of Shareholders' resolution	Particulars
	(v) Insertion of following Clause after Clause 67 in "Objects Incidental or Ancillary to the attainment of the Main Objects" after renumbering of clauses as proposed above: "*68. To carry on the business of providing and managing venture capital, seed capital and risk capital or any other business of similar nature which is permitted by the Alternative Investment Funds Regulations, 2012, or any other extant guidelines for the purpose.*"; (vi) The heading of point no. A under Clause no. III of our MoA i.e. "THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY" was changed to "The objects to be pursued by the Company on its incorporation are"; (vii) The heading of point no. B under Clause no. III of our MoA i.e. "OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS" was changed to "Matters which are necessary for furtherance of the objects specified in clause III(A) are:"; (viii) The reference to the "main objects" in existing clause 52 of our MoA was replaced with the "objects"; and (ix) The heading of point no. C under Clause no. III of our MoA i.e. "OTHER OBJECTS" was deleted.
June 28, 2011	(i) Clause V of our MoA was substituted pursuant to increase in the authorised share capital of the Bank, to the following: "*V. The authorized capital of the Company shall be Rs. 600,00,00,000 (Rupees Six Hundred Crores only) divided into 60,00,00,000 equity shares of Rs. 10 each with rights, privileges and conditions attached thereto as are provided under the Articles of Association of the Company for the time being with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, cumulative, convertible, guarantee, qualified or other special right, privilege, condition or restriction, as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such right, privilege or condition or restriction in such manner, as may for the time being be permitted by the Articles of Association of the Company or the legislative provisions for the time being in force.* *The minimum paid-up share capital of the company shall be Rs. 5,00,000.*"

**Pursuant to the Reconstruction Scheme approved by the Central Government vide notification dated March 13, 2020*

Major events and milestones

Calendar Year	Particulars
2020	• Our Bank became a professionally managed bank, *i.e.* a 'listed entity with no promoters' in terms of the SEBI Listing Regulations. • The Central Government imposed a moratorium in exercise of the powers conferred by sub-section (2) of Section 45 of the Banking Regulation Act, 1949 for a period of thirty days, effective from 18:00 hours on March 5, 2020 up to and inclusive of April 3, 2020.The RBI, by way of its press release no.: 2019-2020/2022 dated March 5, 2020 had applied to the Central Government under Section 45(1) of the Banking Regulation Act, 1949 for imposing a moratorium on the Bank, and accordingly the Central Government had placed the Bank under moratorium as per notification no. S.O. 993(E) dated March 5, 2020 issued by the Ministry of Finance, (Department of Financial Services), (Banking Division) under Section 45(2) of the Banking Regulation Act, 1949 and subsequently the moratorium was lifted on March 18, 2020

Calendar Year	Particulars
	from 18.00 hours. • RBI, in consultation with the Central Government superseded the board of directors of the Bank on March 5, 2020, for a period of 30 days and in exercise of the powers conferred under Section 36ACA of the Banking Regulation Act, 1949, appointed Prashant Kumar as an administrator of the Bank. • RBI initially proposed a draft reconstruction scheme, and on March 13, 2020, the Government of India notified the Yes Bank Limited Reconstruction Scheme 2020.
2019	• Ravneet Gill takes charge as MD & CEO. • Raised ₹ 1,930 crores through a QIP. • Only Indian bank to be the founding member of UN Principles of Responsible Banking, which launched in September 2019. • Accredited by Green Climate Fund.
2018	• Successfully completed maiden USD 600 million bonds Issuance under its MTN program, in International Debts Markets. • Received final license from SEBI for custodian of securities business.
2017	• Raised ₹4,906.68 crores (USD 750 million) through a QIP, which was India's largest private sector QIP in INR terms. • Raised ₹5,451 crores of Basel III Complaint AT-I Bonds*.
2016	• Raised Basel III compliant AT I Bonds of ₹ 3,000 crores*.
2015	• Raised India's first Green Infrastructure Bonds for an amount of ₹1,000 crores (USD 160 million). • Launched its first international representative office in Abu Dhabi, UAE. • IFC, a member of the World Bank Group, invests USD 50 million in YES Bank's Green Infrastructure Bond.
2014	• Raised USD 500 million in Longer Tenure FCY Loan and FCNR Funds in FY 2013-14. • Raised USD 500 million through a global QIP.
2005	• Initial public offering of equity shares by the Bank.
2004	• RBI license to commence banking business.

**written down in full, on March 14, 2020. For further details, see "Outstanding Litigation and Material Developments" on page 479.*

Key awards, accreditations or recognitions

The table below sets forth some of the awards, accreditation or recognitions received by our Bank:

Calendar year	Major events and milestones
2019	Won the DigiDhan Mission Digital Payments Award 2018-19 for 'Overall Performance in Digital Payments'.
	Global Winner, Cyber Security at the Banker's Tech Projects Awards.
2018	Won 'Product Innovation of the Year Award' at IFC's Global SME Finance Awards.
	Asia's leader in Bank as a service at the International Data Corporation (IDC) Financial Insights Innovation Awards.

Our holding company

As on the date of this Prospectus, our Bank does not have a holding company.

Our Subsidiaries

As on the date of this Prospectus, our Bank has three Subsidiaries, *viz.* (1) YES Securities (India) Limited, (2) YES Asset Management (India) Limited and (3) YES Trustee Limited.

1) YES Securities (India) Limited:

<u>Corporate Information</u>:

YES Securities (India) Limited was incorporated on March 14, 2013 as a public limited company under the Companies Act, 2013, with the Registrar of Companies, Mumbai. The CIN of YES Securities (India) Limited is U74992MH2013PLC240971 and received its certificate for commencement of business on April 2, 2013. The registered office of YES Securities (India) Limited is located at Unit no. 602 A, 6th Floor, Tower 1 & 2, IFC, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400013. YES Securities (India) Limited is engaged in the business of investment banking, merchant banking and institutional equities and research.

Capital structure:

The authorised share capital of YES Securities (India) Limited is ₹ 2,000 million, divided into 200,000,000 equity shares of ₹10 each, and the paid-up share capital of Yes Securities (India) Limited is ₹ 800 million divided into 80,000,000 equity shares of ₹ 10 each.

Shareholding:

Our Bank holds 79,999,994 equity shares of face value ₹10 each in its own name, and our Bank is the beneficial owner of six equity shares of face value ₹10 held by nominees of our Bank, aggregating to 100% of the issued and paid-up capital of YES Securities (India) Limited.

There are no accumulated profits or losses of YES Securities (India) Limited which are not accounted for by the Bank in the Restated Financial Statement for the year ended March 31, 2020.

2) YES Asset Management (India) Limited:

Corporate Information:

YES Asset Management (India) Limited was incorporated on April 21, 2017 as a public limited company under the Companies Act, 2013, with the Registrar of Companies, Mumbai. The CIN of YES Asset Management (India) Limited is U65990MH2017PLC294178. The registered office of YES Asset Management (India) Limited is located at 602B, 6th Floor, Indiabulls Finance Centre (IFC) 1&2 Senapati Bapat Marg, Elphinstone Road (W) Mumbai – 400013, Maharashtra. YES Asset Management (India) Limited, is engaged in the business of, amongst other things, acting as manager, adviser, administrator, etc. for mutual funds, unit trusts, venture capital funds, etc. and to carry on the business of providing financial services.

Capital structure:

The authorised share capital of YES Asset Management (India) Limited is ₹ 2,000 million divided into 200,000,000 equity shares of ₹10 each and the paid-up share capital of YES Asset Management (India) Limited is ₹ 895 million divided into 89,500,000 equity shares of`₹10 each.

Shareholding:

Our Bank holds 89,499,994 equity shares of face value ₹10 each in its own name and our Bank is the beneficial owner of six equity shares of face value ₹10 held by nominees of our Bank, aggregating to 100% of the issued and paid-up capital of YES Asset Management (India) Limited.

There are no accumulated profits or losses of YES Asset Management (India) Limited which are not accounted for by the Bank in the Restated Financial Statement for the year ended March 31, 2020.

3) YES Trustee Limited:

Corporate Information:

YES Trustee Limited was incorporated on May 3, 2017 as a public limited company under the Companies Act, 2013, with the Registrar of Companies, Mumbai. The CIN of YES Trustee Limited is U65999MH2017PLC294613.The registered office of YES Trustee Limited is located at 602B, 6th Floor, Indiabulls Finance Centre (IFC) 1&2 Senapati Bapat Marg, Elphinstone Road (W) Mumbai – 400013, Maharashtra. YES Trustee Limited is engaged in the business of, amongst other things, undertaking trusteeship and undertaking and carrying on the function and duties of a trustee, whether public or private, including acting as trustees of mutual funds.

Capital structure:

The authorised share capital of YES Trustee Limited is ₹ 5 million divided into 500,000 equity shares of ₹ 10 each and the paid-up share capital of YES Trustee Limited is ₹ 5 million divided into 500,000 equity shares of ₹ 10 each.

Shareholding:

Our Bank holds 499,994 equity shares of face value ₹10 each in its own name and our Bank is the beneficial owner of six equity shares of face value ₹10 held by nominees of our Bank, aggregating to 100% of the issued and paid-up capital of YES Trustee Limited.

There are no accumulated profits or losses of YES Trustee Limited which are not accounted for by the Bank in the Restated Financial Statement for the year ended March 31, 2020.

Our joint ventures

As on the date of this Prospectus, our Bank does not have any joint ventures.

Time and cost overrun in setting up projects by our Bank

Our Bank has not implemented any projects, and has, therefore, not experienced any time or cost overruns in relation thereto.

Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

Our Bank has not defaulted on repayment of any loan availed from any banks or financial institutions. Further, the tenure of repayment of any loan availed by our Bank from banks or financial institutions has not been rescheduled or restructured.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets in the last 10 years

Our Bank has not acquired any material business or undertaken any mergers or amalgamations or divestments of business or undertaking in the last 10 years preceding the date of this Prospectus.

Our Bank has not undertaken revaluation of any assets in the last 10 years preceding the date of this Prospectus.

Financial and/or Strategic Partners

Our Bank does not have any financial and / or strategic partners as of the date of this Prospectus.

Details of shareholders' agreements

Our Bank does not have any our subsisting shareholders' agreements among our Shareholders *vis-a-vis* our Bank.

Other agreements

Our Bank has not entered into any other subsisting material agreement, other than in the ordinary course of business. Further, none of our Key Managerial Personnel, Directors or employees of our Bank have entered into an agreement, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with the dealings of the securities of our Bank.

OUR MANAGEMENT

Board of Directors

Until the later of one year from the Reconstruction Scheme or until an alternate Board is constituted, the composition of our Board is, and shall be, governed by the provisions of the Reconstruction Scheme. Post constitution of an alternate Board, the composition of the Board shall be governed by the provisions of the Banking Regulation Act, the Companies Act, the SEBI Listing Regulations and our Articles of Association.

Pursuant to the Reconstruction Scheme, the Board was reconstituted after seven days from cessation of the Moratorium with:

- Prashant Kumar as the Managing Director and Chief Executive Officer
- Sunil Mehta as the Non-Executive Chairman
- Mahesh Krishnamurti as a Non-Executive Director
- Atul Chunilal Bheda as a Non-Executive Director

Further, as per the Reconstruction Scheme:

- SBI was required to nominate two officers as Directors, in addition to the Directors specified above;
- The RBI may appoint one or more persons as Additional Directors, as it may consider necessary;
- Any of Housing Development Finance Corporation Limited, ICICI Bank Limited, Axis Bank Limited, Kotak Mahindra Bank Limited, The Federal Bank Limited, Bandhan Bank Limited and IDFC First Bank Limited, who is permitted to have voting rights of 15%, was given the right to nominate one director on the Board;
- The Board may, at its discretion, co-opt more Directors to it. However, the total number of Directors, excluding the Additional Directors, shall not exceed the maximum prescribed by the Bank's Articles of Association, *i.e.* 15.

Consequently, the Board presently consists of eight Directors, comprising the Managing Director and Chief Executive Officer, five Non-Executive Directors (including two Nominee Directors) and two Additional Directors. For details on the Reconstruction Scheme, see "*History and Certain Corporate Matters*" on page 233.

The following table sets forth details regarding our Board as of the date of filing this Prospectus:

Sr. No.	Name, Designation, Date of Birth, Term, Period of Directorship, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships
1.	**Prashant Kumar** *Designation:* Managing Director and Chief Executive Officer *Date of Birth:* December 11, 1960 *Term:* One year with effect from March 26, 2020 till March 25, 2021, or until a new Board is constituted by the Bank, whichever is later *Period of Directorship:* Director since March 26, 2020 *DIN:* 07562475 *Occupation:* Service *Nationality:* Indian *Address*: A-22, Sterling Apartment, Sterling CHSL 38, Peddar Road, (Opp. SBI Peddar Road Branch), Mumbai – 400026	59	*Indian Companies*: 1. YES Securities (India) Limited *Foreign Companies*: NIL

Sr. No.	Name, Designation, Date of Birth, Term, Period of Directorship, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships
2.	**Sunil Mehta** *Designation:* Non-Executive Chairman *Date of Birth:* August 22, 1957 *Term:* One year with effect from March 26, 2020 till March 25, 2021, or until a new Board is constituted by the Bank, whichever is later. *Period of Directorship:* Director since March 26, 2020 *DIN:* 00065343 *Occupation:* Financial Services / Consulting and Advisory *Nationality:* Indian *Address:* 203-A, Vivarea, Sane Guruji Marg, Mahalaxmi East, Mumbai – 400011	62	*Indian Companies*: 1. ACC Limited 2. Sashakt India Asset Management Limited 3. Welmo Fintech Private Limited 4. Bodytronix Fitness Private Limited 5. SPM Capital Advisers Private Limited 6. Asia Society India Centre *Foreign Companies*: NIL
3.	**Mahesh Krishnamurti** *Designation:* Non-Executive Director *Date of Birth:* December 26, 1955 *Term:* One year with effect from March 26, 2020 till March 25, 2021, or until a new Board is constituted by the Bank, whichever is later. *Period of Directorship:* Director since March 26, 2020 *DIN:* 02205868 *Occupation:* Advisor *Nationality:* American *Address:* 22A, Tahnee Heights, Nepean Sea Road, Mumbai – 400006	64	*Indian Companies*: NIL *Foreign Companies*: NIL
4.	**Atul Chunilal Bheda** *Designation:* Non-Executive Director *Date of Birth:* August 12, 1963 *Term:* One year with effect from March 26, 2020 till March 25, 2021, or until a new Board is constituted by the Bank, whichever is later. *Period of Directorship:* Director since March 26, 2020 *DIN:* 03502424 *Occupation:* Professional	56	*Indian Companies*: NIL *Foreign Companies*: NIL

Sr. No.	Name, Designation, Date of Birth, Term, Period of Directorship, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships
	Nationality: Indian *Address:* 301/7, Shanta Bhuvan, Post Office Lane, Wadala, Mumbai – 400031		
5.	**Rama Subramaniam Gandhi** *Designation:* Additional Director *Date of Birth:* April 4, 1956 *Term:* Two years with effect from March 26, 2020 or until further order from RBI, whichever is earlier. *Period of Directorship:* Director since March 26, 2020 *DIN:* 03341633 *Occupation:* Freelance Adviser and Consultant *Nationality:* Indian *Address*: E-2501, GCORP ICON North, Thanisandra Main Road, Nagawara, Bangalore 560077	64	*Indian Companies*: 1. BFSI Sector Skill Council of India 2. Electronic Payment and Services Private Limited 3. NESL Asset Data Limited 4. National E-Governance Services Limited 5. The Clearing Corporation of India Limited 6. Perfect Day India Private Limited 7. Perfios Software Solutions Private Limited 8. Clearcorp Dealing Systems (India) Limited *Foreign Companies*: NIL
6.	**Ananth Narayan Gopalakrishnan** *Designation:* Additional Director *Date of Birth:* May 18, 1969 *Term:* Two years with effect from March 26, 2020 or until further order from RBI, whichever is earlier. *Period of Directorship:* Director since March 26, 2020 *DIN:* 05250681 *Occupation:* Professor & Senior Analyst *Nationality:* Indian *Address:* 801, Golden Peak, Dr. Ambedkar Road, Khar West, Mumbai – 400052	51	*Indian Companies*: 1. SBI Capital Markets Limited 2. Clearcorp Dealing Systems (India) Limited 3. CARE Ratings Limited 4. Agappe Diagnostics Limited 5. Dvara Research Foundation *Foreign Companies*: 1. Southern Ridges Macro Fund, Cayman Islands 2. Southern Ridges Master Macro Fund, Cayman Islands
7.	**Partha Pratim Sengupta** *Designation: Non-Executive Director* - Nominee Director of State Bank of India *Date of Birth:* December 7, 1962 *Term:* One year with effect from March 26, 2020 till March 25, 2021, or until a new Board is constituted by the Bank, whichever is later. *Period of Directorship:* Director since March 26, 2020	57	*Indian Companies*: 1. National E-Governance Services Limited; 2. Asset Reconstruction Company (India) Limited *Foreign Companies*: NIL

Sr. No.	Name, Designation, Date of Birth, Term, Period of Directorship, DIN, Occupation, Nationality and Address	Age (in years)	Other Directorships
	DIN: 08273324 *Occupation:* Service *Nationality:* Indian *Address:* D/03, Kinellan Towers, 100-A, Nepean Sea Road, Mumbai – 400006		
8.	**Swaminathan Janakiraman** *Designation: Non-Executive Director-* Nominee Director of State Bank of India *Date of Birth:* February 4, 1964 *Term:* One year with effect from March 26, 2020 till March 25, 2021 or until a new Board is constituted by the Bank, whichever is later. *Period of Directorship:* Director since March 26, 2020 *DIN:* 08516241 *Occupation:* Service *Nationality:* Indian *Address:* A-1, SBI Executive Enclave, Road no. 5, Banjara Hills, Khairatabad, Hyderabad, Telangana – 500034	56	*Indian Companies*: 1. SBI Payments Services Private Limited *Foreign Companies*: NIL

Brief profiles of our Directors

Prashant Kumar

Prashant Kumar is the Managing Director and Chief Executive Officer of our Bank. He holds a bachelor degree in science (Hons.) and a bachelor degree in law from University of Delhi. He joined State Bank of India ('SBI') in 1983 as a probationary officer and since then he has held various senior managerial portfolios in SBI. He has over 35 years of experience in the banking field. In his long service in SBI, he had the opportunity to work in various areas of banking such as credit, retail banking, human resources & strategic training and finance. He held the position of general manager in Mumbai and chief general manager of Kolkata Circle in SBI. After elevation to the position of deputy managing director, he held the position of chief operating officer, corporate development officer (HR) and chief financial officer of SBI at its corporate office in Mumbai.

Sunil Mehta

Sunil Mehta is the Non-Executive Chairman of our Bank. He holds a bachelor's degree in commerce (Hon.) from Shri Ram College of Commerce, University of Delhi. He is a Fellow Member of the Institute of Chartered Accountants of India and is an alumni of the Wharton Advanced Management Programme from the Wharton School, University of Pennsylvania, USA. He headed the Sashakt panel, which was appointed by the Government of India that penned an approach to resolve the pool of NPAs for public sector banks. He has over three and a half decades of experience in banking, financial services, insurance and investments, which includes his time with Citibank and AIG. He was formally the non-executive chairman of Punjab National Bank, on the board of directors of State Bank of India, amongst others, currently on the board of directors ACC Limited. He is also the chairman and managing director of SPM Capital Advisers Private Limited. He has been a board member of the Asia Society India Centre.

Mahesh Krishnamurti

Mahesh Krishnamurti is a Non-Executive Director of our Bank. He holds a bachelor's degree in science (Economics) from the London School of Economics and Political Science, and a master's degree in business administration from New York University. He has also attended the strategic thinking and management program at the Wharton School, University of Pennsylvania. He has extensive experience in partnering closely with senior leadership teams in some of the most dynamic companies in the world. In December 2018, he left Resources Global Professional ("RGP"), where he had been India country head. He relocated to RGP Mumbai from RGP New York in 2007. He has also served as the Chairman – Western Region of AMCHAM India.

Atul Chunilal Bheda

Atul Chunilal Bheda is a Non-Executive Director of our Bank. He is a practicing Chartered Accountant and holds a bachelor of commerce from University of Mumbai and bachelor of laws (General) from University of Mumbai. He has completed a post qualification course in Information Systems Audit from the Institute of Chartered Accountants of India. He is in practice for nearly three decades. He has been a member of the 20th and 21st Central Council of the Institute of Chartered Accountants of India (ICAI). He was a director of XBRL Limited in India. He was Chairman of Taxonomy Development and Review Committee of XBRL India. He was also the chairman of the Western India Regional Council (WIRC of ICAI).

Rama Subramaniam Gandhi

Rama Subramaniam Gandhi is an Additional Director of our Bank and he is appointed by the RBI. He has a master's degree in Economics from the Annamalai University, in Tamil Nadu, India. He completed a graduate level certificate in Information System from the American University, Washington DC, USA and a certificate in Capital Markets from the City University of New York, New York, USA. He has 37 years of experience as a central banker, joined the Reserve Bank of India in 1980, has been the head of two regional offices of the Reserve Bank of India and subsequently served as a Deputy Governor of the Reserve Bank of India for three years from 2014 to 2017. He had a three year secondment to the Securities and Exchange Board of India (SEBI), the capital market regulator. He also held the charge of Director of the Institute for Development and Research in Banking Technology (IDRBT), Hyderabad. He was one of the members of the Monetary Policy Committee (MPC) and was a member of the Committee on Global Financial Systems (CGFS), Basel.

Ananth Narayan Gopalakrishnan

Ananth Narayan Gopalkrishnan is an Additional Director of our Bank and he is appointed by the RBI. He holds a bachelor's degree in technology in electrical engineering from the Indian Institute of Technology, Bombay and a post graduate diploma in management from the Indian Institute of Management, Lucknow. He is an Associate Professor at S. P. Jain Institute of Management and Research. He is a member of SEBI's Mutual Fund Advisory Committee, FICCI's Capital markets Committee, and Kerala Infrastructure Fund Management Limited's Investment Committee. He has experience in banking and financial markets – with Standard Chartered Bank, Deutsche Bank and Citibank. He was the regional head of Financial Markets, ASEAN & South Asia with Standard Chartered Bank. Prior to Standard Chartered Bank, he was with Citibank in Mumbai, and with Deutsche Bank in Mumbai (managing director). He has served as the chairman of the board of Standard Chartered Nepal Limited. He was on the board of Fixed Income Money Market and Dealers Association (FIMMDA) between 2012 and 2017, Foreign Exchange Dealers Association of India (FEDAI), between 2016 and 2018. He was on the board of Central Depository (India) Services Limited (CDSL) and Standard Chartered Securities India Limited (SCSI) between 2012 and 2016. He has been a part of various RBI committees (including Interest Rate Options and Financial Benchmarks etc).

Partha Pratim Sengupta

Partha Pratim Sengupta is a Nominee Director of SBI on the board of our Bank. He holds a graduate degree in Bachelor of Science from R.C.E, Bhubaneshwar and associate certificate from the Indian Institute of Bankers. He is presently the deputy managing director and chief credit officer at SBI, Corporate Centre, Mumbai. He joined SBI as a probationary officer in February 1987. Before assuming charge as deputy managing director & chief credit officer in September 2018, he was the chief general manager of SBI, Kolkata Circle. Prior to this, he was general manager at mid corporate regional office, Pune and deputy general manager, IFB Mumbai.

Swaminathan Janakiraman

Swaminathan Janakiraman is a Nominee Director of SBI on the board of our Bank. He holds a bachelor's degree in commerce from the University of Madras and a master's degree in business administration from National Institute of Business Management. He is also a certified anti-money laundering specialist from the Association of Certified Anti-Money Laundering Specialists. He is presently the Deputy Managing Director (Finance) of the State Bank of India. He joined SBI as a probationary officer in December 1988 and has a career spanning over 31 years with SBI. He has held various assignments across corporate and international banking, trade finance, retail and digital banking and branch management. Prior to this, he was Deputy Managing Director (Strategy) & Chief Digital Officer of State Bank of India. Prior to this, he was the head of the SBI's Hyderabad Circle overseeing the bank's business in the State of Telangana. Earlier, he was general manager (FIG), International Banking Group, Corporate Centre Mumbai. Prior to that, as a deputy general manager he was head of Global Trade Services within the International Banking Group. He was also head of Trade Finance at SBI's Branch in New York.

Confirmations

None of our Directors is or was a director of any company listed on any stock exchange, whose shares have been or were suspended from being traded during the five years preceding the date of this Prospectus, during the term of his/her directorship in such company.

Further, none of our Directors is, or was a director of any listed company, which has been or was delisted from any stock exchange, during the term of his/her directorship in such company.

Relationship between our Directors and Key Managerial Personnel

None of our Directors are related to each other or to any of our Key Managerial Personnel.

Arrangement or understanding with major Shareholders, customers, suppliers or others pursuant to which any of our Directors have been appointed as of the date of this Prospectus

Except for the rights under the Reconstruction Scheme as set out above, there are no other arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of our Directors have been appointed as of the date of this Prospectus.

Service contracts with Directors

Our Bank has not entered into any service contracts or arrangements with any Director, which provide for benefits upon termination of employment.

Borrowing Powers

In accordance with the Articles of Association and subject to the provisions of the Companies Act, 2013 our Board is authorized, pursuant to a special resolution of the shareholders of our Bank dated June 12, 2018, to borrow money from time to time and as and when required, in excess of our Bank's paid-up capital and free reserves, provided that the aggregate of such borrowings including the money already borrowed by our Bank and outstanding at any point of time, shall not exceed ₹ 1,100,000 million over and above its paid up capital and free reserves.

Remuneration of our Directors

Remuneration of our Non-Executive Chairman

In Fiscal 2020 (between March 26, 2020 till March 31, 2020), Sunil Mehta was paid a total remuneration of ₹0.04 million. The Non-Executive Chairman of our Bank *i.e.* Sunil Mehta is entitled to remuneration and other benefits as set forth below:

S. No.	Particulars	Amount (w.e.f. March 26, 2020 till March 25, 2021)
A.	Remuneration	₹ 2.5 million per annum
B.	Perquisites	Free use of Bank's car for official purposes.

S. No.	Particulars	Amount (w.e.f. March 26, 2020 till March 25, 2021)
C.	Other allowances, if any	As paid to other Non-Executive Directors of the Board / Board Committee meetings or other Bank related matters / meetings.

Remuneration of our Managing Director and Chief Executive Officer

In Fiscal 2020 (between March 26, 2020 till March 31, 2020), Prashant Kumar was paid a total remuneration of ₹0.32 million (inclusive of any contingent or deferred compensation accrued for the year). Further, pursuant to the resolution passed by the Board, our Bank has appointed Prashant Kumar as the Managing Director and Chief Executive Officer with effect from March 26, 2020.

The terms and conditions for his appointment as the Managing Director and Chief Executive Officer are set forth below:

S. No.	Category	Particulars (₹ *in millions*)
Part A*:		
A) Remuneration		
1.	Basic Salary	4.50
2.	Dearness allowance	-
3.	House rent allowance	-
4.	Other allowances, if any	10.50
	Sub-total – fixed salary	15
B) Perquisites		
5.	Bank furnished and maintained accommodation: (the figure indicate the maximum limit of Rs. 6 lakhs per month and includes monthly rent, cost of deposit @8% per annum and house maintenance cost)	7.20
6.	Furniture / white goods (not exceeding Rs. 20 lakhs once in service – apportioned over 5 years. Purchase or renting may be considered)	0.40
7.	Free use to two Bank's cars with driver for official purposes and private purposes:	
	(a) Official purpose	1.45
	(b) Private purposes	0.92
	(c) Two drivers expense (maximum annual limit including salary, overtime, uniforms etc.)	0.80
8.	Provident Fund (@12% of the basic salary)	0.54
9.	Gratuity (@4.81% of the basic salary)	0.21
10.	Pension	N.A.
11.	Other benefits, if any	
	Gas, electricity & water (actual subject to maximum annual limit)	0.40
	Medical reimbursement	N.A
	Residential Telephone (actual subject to maximum annual limit)	0.06
	Medical Insurance	0.20
	Life insurance / personal accident insurance	0.06
	Club memberships – 2 clubs (1 social and 1 business)	1.05
C) Leave		
	Casual Leave	N.A
	Ordinary Leave / Privilege Leave	25 days
	Sick Leave	7 days
	Leave fare concession (1 month basic)	0.37
D)	Total fixed pay (including estimated value of perquisites and	28.47

S. No.	Category	Particulars (₹ *in millions*)
	retirals)	

**The Bank has received the RBI's approval dated June 24, 2020 for payment of fixed pay. While our Board has approved the variable pay, RBI's approval for the same is currently pending.*

Sitting fees to Non-Executive Directors, Additional Directors and Nominee Directors

The sitting fees paid to the Non-Executive Directors, Additional Directors and Nominee Directors during Fiscal 2020 (including any contingent or deferred compensation accrued for the year, even if the compensation is payable at a later date) are set forth in the table below:

(*in ₹ million*)

Name of the Director	Sitting Fees
Sunil Mehta	0.15
Mahesh Krishnamurti	0.15
Atul Chunilal Bheda	0.15
Rama Subramaniam Gandhi	0.10
Ananth Narayan Gopalakrishnan	0.10
Partha Pratim Sengupta	0.10
Swaminathan Janakiraman	0.15

Remuneration paid or payable from Subsidiaries and associate companies

As on the date of this Prospectus, no remuneration is paid or payable from the Subsidiaries and associate companies of our Bank.

Shareholding of Directors in our Bank

Our Articles of Association do not require our Directors to hold qualification shares.

Other than as disclosed under "*Capital Structure – Other details of shareholding of our Bank – Shareholding of our Directors and/or Key Managerial Personnel*" on page 93, none of our Directors hold any Equity Shares in our Bank as on the date of this Prospectus**.**

Bonus or profit-sharing plan for our Directors

Except as disclosed in "*– Remuneration of our Managing Director and Chief Executive Officer*" beginning on page 249, our Bank does not have any performance linked bonus or a profit-sharing plan for other Directors.

Interest of Directors

Our Non-Executive and Additional Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of our Board and/or committees thereof, the reimbursement of expenses payable to them and to the extent of commission payable to them, if any, each as approved by our Board.

Our Directors nominated by SBI may be deemed to be interested to the extent of the shareholding of SBI in our Bank. For further details regarding the shareholding of our Directors, see "*Capital Structure – Other details of shareholding of our Bank – Shareholding of our Directors and/or Key Managerial Personnel*" on page 93.

None of our Directors are interested in the promotion or formation of our Bank.

Our Directors do not have any interest in any property acquired or proposed to be acquired of or by our Bank.

Our Directors do not have any interest in any transaction by our Bank for acquisition of land, construction of building or supply of machinery since incorporation. Further, except as stated in "*Financial Statements*" beginning on page 264, our Directors do not have any interest in our business.

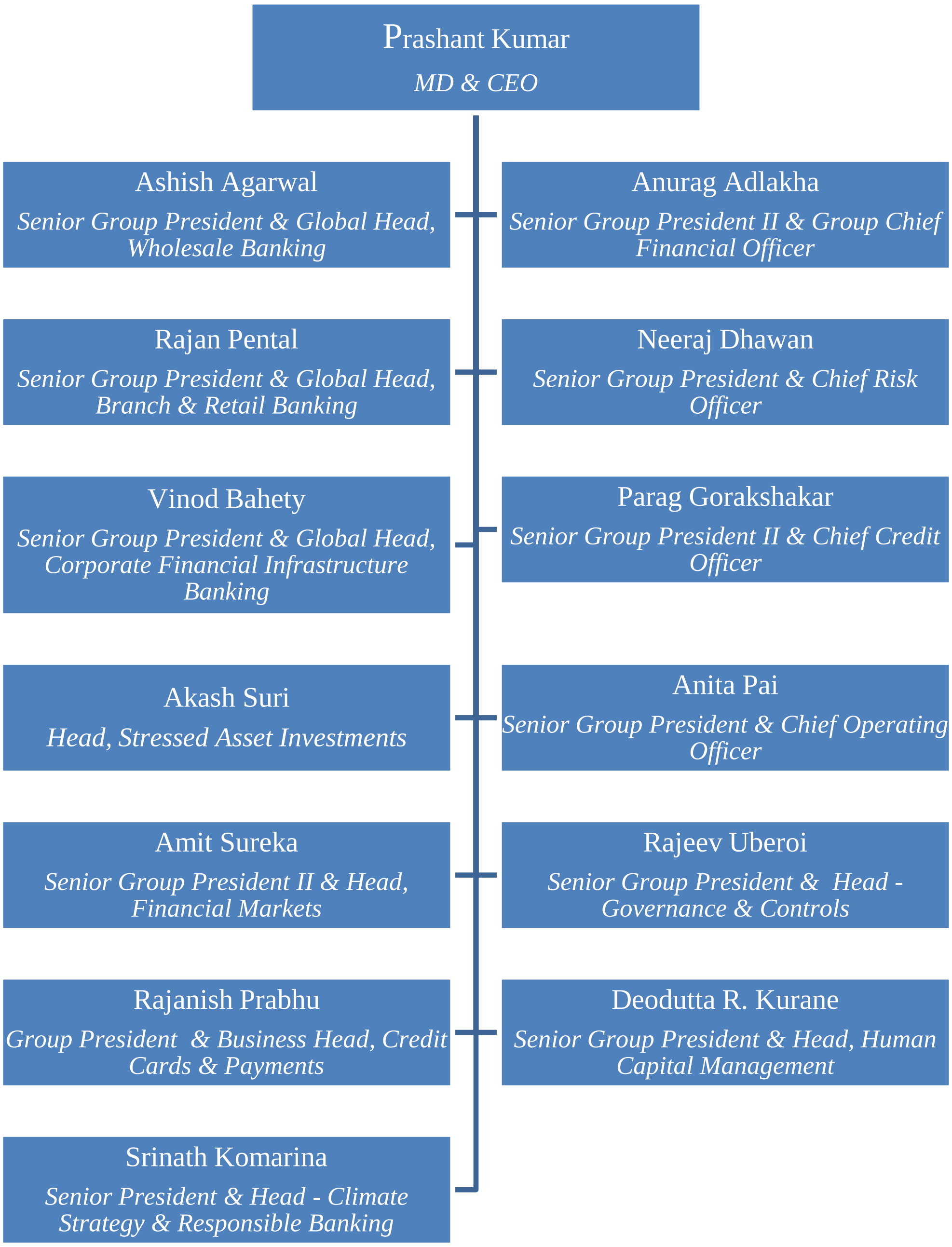
No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce any of our Directors to become or to help any of them qualify as a director, or otherwise for services rendered by them or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Bank.

Changes to our Board in last three years

Except as disclosed below, there have been no changes to our Board in last three years:

Name of the Director	Date of appointment/ change in designation/ cessation	Reason for Change
Subhash Chander Kalia	April 3, 2018	Appointment as Non-Executive Director
Saurabh Srivastava	April 22, 2018	Completion of tenure
Debjani Ghosh	April 26, 2018	Resignation
Pratima Sheorey	April 26, 2018	Appointment as Independent Director
Vasant V. Gujarathi	November 14, 2018	Resignation
Uttam Prakash Agarwal	November 14, 2018	Appointment as Independent Director
Ashok Chawla	November 14, 2018	Resignation
Rentala Chandrashekar	November 19, 2018	Resignation
T S Vijiyan	December 3, 2018	Appointment as Independent Director
Anil Jaggia	January 24, 2019	Appointment as Independent Director
Maheshwar Sahu	January 24, 2019	Appointment as Independent Director
Rana Kapoor	January 31, 2019	Completion of tenure
Ravneet Gill	March 1, 2019	Appointment as Managing Director and CEO
Ravinder Kumar Khanna	April 26, 2019	Appointment as Non-Executive Director
Shagun Kapur Gogia	April 26, 2019	Appointment as Non-Executive Director
Rama Subramaniam Gandhi	May 14, 2019	Additional Director appointed by RBI
Ajai Kumar	June 9, 2019	Resignation
Mukesh Sabharwal	June 10, 2019	Resignation
Uttam Prakash Agarwal	January 10, 2020	Resignation
Brahm Dutt	March 5, 2020	Supersession of the board of directors by RBI
Subhash Chander Kalia	March 5, 2020	Supersession of the board of directors by RBI
Pratima Sheorey	March 5, 2020	Supersession of the board of directors by RBI
T S Vijiyan	March 5, 2020	Supersession of the board of directors by RBI
Anil Jaggia	March 5, 2020	Supersession of the board of directors by RBI
Maheshwar Sahu	March 5, 2020	Supersession of the board of directors by RBI
Ravneet Gill	March 5, 2020	Supersession of the board of directors by RBI
Ravinder Kumar Khanna	March 5, 2020	Supersession of the board of directors by RBI
Shagun Kapur Gogia	March 5, 2020	Supersession of the board of directors by RBI
Rama Subramaniam Gandhi	March 5, 2020	Supersession of the board of directors by RBI
Prashant Kumar	March 26, 2020	Appointment as Managing Director and CEO
Sunil Mehta	March 26, 2020	Appointment as Non-Executive Chairman
Mahesh Krishnamurti	March 26, 2020	Appointment as Non-Executive Director
Atul Chunilal Bheda	March 26, 2020	Appointment as Non-Executive Director
Rama Subramaniam Gandhi	March 26, 2020	Additional Director appointed by RBI
Ananth Narayan Gopalakrishnan	March 26, 2020	Additional Director appointed by RBI
Partha Pratim Sengupta	March 26, 2020	Appointment as Nominee Director of SBI
Swaminathan Janakiraman	March 26, 2020	Appointment as Nominee Director of SBI

Management Organisation Structure


Prashant Kumar
MD & CEO
Ashish Agarwal
Senior Group President & Global Head, Wholesale Banking
Anurag Adlakha
Senior Group President II & Group Chief Financial Officer
Rajan Pental
Senior Group President & Global Head, Branch & Retail Banking
Neeraj Dhawan
Senior Group President & Chief Risk Officer
Vinod Bahety
Senior Group President & Global Head, Corporate Financial Infrastructure Banking
Parag Gorakshakar
Senior Group President II & Chief Credit Officer
Akash Suri
Head, Stressed Asset Investments
Anita Pai
Senior Group President & Chief Operating Officer
Amit Sureka
Senior Group President II & Head, Financial Markets
Rajeev Uberoi
Senior Group President & Head - Governance & Controls
Rajanish Prabhu
Group President & Business Head, Credit Cards & Payments
Deodutta R. Kurane
Senior Group President & Head, Human Capital Management
Srinath Komarina
Senior President & Head - Climate Strategy & Responsible Banking

Corporate Governance

Pursuant to the Reconstruction Scheme, until the later of one year from the Reconstruction Scheme or until an alternate Board is constituted, the composition of our Board is, and shall be, governed by the provisions of the Reconstruction Scheme and the Banking Regulation Act and various corporate governance provisions of the Companies Act, 2013, the SEBI Listing Regulations and our Articles of Association, will not be applicable to our Bank.

Committees of our Board

i) Audit Committee

The Audit Committee was constituted by a resolution of our Board at their meeting held on July 12, 2004 and was last re-constituted on March 26, 2020. The current constitution of this committee is as follows:

Name of Director	Position in the Committee
Atul Chunilal Bheda	Chairman
Rama Subramaniam Gandhi	Member
Ananth Narayan Gopalkrishnan	Member
Partha Pratim Sengupta	Member
Prashant Kumar	Invitee

The scope and function of the Audit Committee and its terms of reference are as follows:

(i) The role of the Audit Committee shall include the following:

1) To provide directions and oversee the operation of the total audit function in the Bank (internal as well as external) and issue whenever necessary suitable directions and timely completion of audit.
2) To oversee the Bank's financial reporting process and disclosure of its financial information to ensure that the financial statements are true, fair, sufficient and credible.
3) To create an open avenue for communication between the Board of Directors, Internal Auditors, Statutory Auditors and all other Auditors.
4) To recommend the appointment including terms of appointment and removal of statutory, internal, concurrent, tax and secretarial Auditors, fixation of audit fees and also to approve payment for other services.
5) To appoint and determine the scope of the Concurrent auditors.
6) To review adequacy of internal audit function, its policies, its structure viz. staffing and seniority of the official heading the department, coverage and frequency of internal audits.
7) Review of internal audit reports relating to internal control weaknesses and review important concurrent audit findings.
8) To evaluate the adequacy and operational effectiveness of Internal Financial Control (IFC) of the Bank and Subsidiaries and also to evaluate Risk Management Systems of the Bank.
9) To discuss with statutory auditors, the nature and scope of audit as well as post-audit discussion to ascertain any area of concern w.r.t. financial statements and the IFC.
10) To engage with internal and external auditors and others on comments and observations on IFC.
11) To review the results / financial statements (quarterly, half yearly, annual) standalone as well as consolidated along with the Auditors' report thereon and analyze performance of the Bank, along with the Management and recommend the same to the Board with primary focus on:
    a. matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013 and rules made thereunder;
    b. accounting policies and practices and changes, if any, with reasons for the same;
    c. compliance with accounting standards;
    d. major accounting entries involving estimates based on the exercise of judgment by management;
    e. significant adjustments made in the financial statements arising out of audit findings;
    f. compliance with listing and other legal requirements relating to financial statements;
    g. disclosure of any related party transactions;

h. modified opinion(s) in the draft audit report; and
i. Company's earnings press releases, as well as financial information and earnings guidance , if any provided to analysts and rating agencies

12) To review Annual Tax Audit statement and auditors' report thereon.
13) To review Annual Long Form Audit Report as prepared by the Statutory Auditors along with Management response and updates on closure of the same.
14) To appoint legal auditor and review the information in respect of legal audits of title deeds and other documents for credit exposure of Rs.50 MM and above.
15) To review and approve related party transactions including any subsequent modification(s) thereto.
16) To review the financial statements, in particular, the investments made by the unlisted subsidiary.
17) To review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) including statement of deviation, if any, and making appropriate recommendations to the Board to take up steps in this matter.
18) To approve and recommend to the Board the appointment of CFO after assessing the qualifications, experience & background, etc. of the candidate.
19) To review the Whistle blower policy and Vigil Mechanism for Directors and Employees and functioning of the Whistle Blower Mechanism;
20) To deal with Whistle Blower complaints in time bound manner.
21) To review and monitor compliance function, its policies and Implementation of Compliance Frameworks of the Bank.
22) Review of Bank's Compliance in respect to Reports (Risk Assessment Report and Risk Mitigation Plan) issued by RBI under Risk Based Supervision.
23) Review of compliance on directives issued by ACB / Board / RBI**.**
24) Review report on compliance of corporate governance requirements as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other guidelines issued by SEBI from time to time.
25) Review report on compliance of regulatory requirement of Regulators in Host Countries in respect of overseas branches.
26) To institute special investigation teams with complete access to all records, information and personnel of the Bank, if necessary.
27) To review all cases of frauds and attempted frauds involving amounts of Rs. 1 crore and above.
28) To review the minutes of the quarterly, Apex Management Committee and Staff Accountability Committee meetings.
29) To investigate into any matter in relation to the items specified or referred to it by the Board and for the said purpose shall have the power to obtain professional advice from external sources and have full access to information contained in the records of the Bank.
30) To perform any other functions, duty as stipulated by the Companies Act, Reserve Bank of India, Securities & Exchange Board of India, Stock Exchanges, and any other regulatory authority or under any applicable laws, as prescribed from time to time and also to review the findings by regulatory agencies.
31) To review utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision.
32) To review and monitor the auditor's independence and performance, effectiveness of audit process.
33) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
34) Valuation of undertakings or assets of the Bank, wherever necessary.
35) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
36) To review, at least once in a financial year, compliance of the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT") and to verify that the systems for related internal control are adequate and are operating effectively.
37) To review on quarterly basis reports provided by compliance officer on violations and remedial/punitive action for the same.
38) To review the system of storage and retrieval, display or printout of books of accounts maintained in electronic mode during the required period under law.
39) Review of housekeeping - particularly balancing and reconciliation of long outstanding entries Suspense / Sundries / Drafts payable / paid / Funds in Transit / Clearing / SGL / CSGL accounts.

40) Review of report on Revenue leakage detected by Internal / External Auditors and status of recovery thereof - reasons for undercharges and steps taken to prevent revenue leakage.
41) Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
42) To review and approve the internal audit policy and IS Audit policy for undertaking risk-based internal audit and to review and approve risk based internal audit plan.
43) Review of Internal Audit plan and status of achievement thereof.
44) Review System Audit as per RBI Internal Control Guidelines.
45) To approve the concurrent audit policy.
46) KYC / AML Guidelines - Review of compliance of concurrent audit reports with respect to adherence to KYC / AML guidelines at branches.
47) Review of exposure to sensitive sectors i.e. capital market & real estate.
48) Review of information on violations by various functionaries in the exercise of discretionary powers.
49) Information in respect of equity share holdings in borrower companies more than 30% of their paid up capital.
50) Review report on fraudulent transactions relating to Internet Banking through phishing attacks pointing out in particular the deficiencies in the existing systems and steps taken by the IT department to prevent such cases.
51) Review of the bank's financial and risk management policies.
52) Review penalties imposed / penal action taken against bank under various laws and statutes and action taken for corrective measures.
53) Review the following information management discussion and analysis of financial condition and results of operations.
54) Review of Management letters / letters of internal control weaknesses issued by the statutory auditors.
55) Scrutiny of inter-corporate loans and investments.

ii) Nomination and Remuneration Committee

The Nomination and Remuneration Committee was originally constituted pursuant to resolution of our Board dated July 12, 2004 and was last re–constituted on March 26, 2020. The current constitution of this committee is as follows:

Name of Director	Position in the Committee
Mahesh Krishnamurti	Chairman
Sunil Mehta	Member
Atul Chunilal Bheda	Member
Swaminathan Janakiraman	Member
Prashant Kumar	Invitee

The scope and function of the Nomination and Remuneration Committee and its terms of reference are as follows:

1) To review the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval;
2) To examine the qualification, knowledge, skill sets and experience of each director vis-a- vis the Bank's requirements and their effectiveness to the Board on a yearly basis and accordingly recommend to the Board for the induction of new Directors;
3) To review:
   (a) the composition of the existing committees of the Board and to examine annually whether there is any need to have a special committee of directors to meet the business requirements of the Bank and accordingly recommend to the Board for formation of a special committee.
   (b) review the terms of reference of the board level committees and recommend the changes therein, if any, to the Board;
4) To scrutinise nominations for independent/non-executive directors with reference to their qualifications and experience and making recommendations to the Board for appointment/filling of vacancies;

5) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
6) To formulate criteria for evaluation of performance of independent directors and the board of directors;
7) To carry out evaluation of every director's performance;
8) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
9) To validate 'fit and proper' status of all Directors on the board of the Bank in terms of the guidelines issued by the RBI or other regulatory authorities;
10) To develop and recommend to the board corporate governance guidelines applicable to the Bank for incorporating best practices;
11) To implement policies and processes relating to corporate governance principles;
12) To formulate the criteria for determining qualifications, positive attributes and independence of a director;
13) To devise a policy on board diversity;
14) To recommend to the Board a policy relating to, the remuneration for the directors, key managerial personnel and other employees including performance/achievement bonus, perquisites, retirals, sitting fee, etc.;
15) To review the Bank's overall compensation structure and related polices with a view to attract, motivate and retain employees and review compensation levels vis-à-vis other Banks and the industry in general;
16) To ensure the following while formulating the policy on the aforesaid matters:
    (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior management of the quality required to run the company successfully;
    (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    (c) remuneration to whole time directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long- term performance objectives appropriate to the working of the company and its goals.
    (d) Recommend to the board all remuneration, in whatever form, payable to senior management
17) To consider grant of stock options to employees including employees of subsidiaries and administer and supervise the employee stock option plans;
18) To function as the compensation committee as prescribed under the SEBI (Share Based Employee Benefits) Regulations, 2014 and is authorized to allot shares pursuant to exercise of stock options by employees;
19) To review the human capital capacity planning on annual basis;
20) To review the list of risk takers on annual basis;
21) To review the HCM Policies and provide suitable guidance for additions/ modification/ deletions, if any;
22) To review the succession planning; and
23) To perform any other functions or duties as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

iii) Stakeholders' Relationship & Customer Service Committee

The Stakeholders' Relationship Committee was originally constituted pursuant to a resolution of our Board dated July 12, 2004 and Service Excellence, Branding and Marketing Committee was originally constituted pursuant to resolution of our Board dated October 10, 2005. The Stakeholders' Relationship Committee and Service Excellence, Branding and Marketing Committee were re–constituted/merged as *Stakeholders' Relationship & Service Excellence Committee* on March 26, 2020. The name of the *Stakeholders' Relationship & Service Excellence Committee* was changed to *Stakeholders' Relationship and Customer Service Committee* pursuant to the resolution of our Board dated June 25, 2020. The current constitution of this committee is as follows

Name of Director	Position in the Committee
Mahesh Krishnamurti	Chairman
Atul Chunilal Bheda	Member
Partha Pratim Sengupta	Member
Swaminathan Janakiraman	Member
Prashant Kumar	Invitee

The scope and function of Stakeholders' Relationship & Customer Service Committee and its terms of reference include the following:

1) To review and redress complaints from various security holders such as shareholders, debenture holders and any other security holders such as non-receipt of dividend, non receipt of interest on debentures, annual report, transfer/transmission of shares or debentures, issue of new/duplicate share / debenture certificates, general meeting etc.;
2) Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports /statutory notices by the shareholders of the Bank.
3) To oversee and review all matters connected with transfers, transmissions, dematerialization, rematerialisation, splitting and consolidation of securities issued by the Bank;
4) To oversee the performance of the Registrar and Transfer Agent of the Bank and recommends measures for overall improvement in the quality of investor services;
5) To apprise of Key highlights/ developments pertaining to various Stakeholders including Equity Investors, debenture holders, multilateral lenders, rating agencies; etc.;
6) To review the engagements with various stakeholders (mentioned above) including communication and feedback. Further, recommend steps for improving engagement with the stakeholder;
7) To review of measures taken for effective exercise of voting rights by shareholders.
8) To review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent.
9) To review Bank's perception amongst stakeholders and provide recommendation for enhancement of the same;
10) To perform any other functions, duties as stipulated by the Companies Act, Reserve Bank of India, Securities & Exchange Board of India, Stock Exchanges, and any other regulatory authority or under any applicable laws, as amended from time to time;
11) Review product approval process with a view to suitability and appropriateness;
12) Formulation and review of comprehensive deposit policy;
13) Review of customer feedback gathered through annual customer satisfaction survey of depositors and other customers and suggest action for improvement;
14) Review of measures taken for enhancing the quality of customer service;
15) Review the findings of tri-enniel audit on customer service;
16) Review of branding, marketing and customer engagement activities of the bank;
17) Review of activities undertaken to promote digital payments;
18) Update on the Agenda, Minutes and Actionable of "Standing Committee of Customer Service
19) Update on the activities undertaken for promotion of digital products;
20) Update on Customer Liability Cases - (Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions);
21) Update on Internal Ombudsman activities & analysis of cases referred;
22) Control measure for ATMs;
23) Denial of ATM services reporting thereof;
24) Understanding the broad trends and concentration in the growth of customer grievances and their resolution including mis-selling, particularly third-party products;
25) Appropriateness of products to different customer segments;
26) Reconciliation of transactions at ATMs failure – time limit.

iv) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was originally constituted pursuant to resolution of our Board dated April 23, 2014 and was last re-constituted on March 26, 2020. The current constitution of this committee is as follows:

Name of Director	Position in the Committee
Atul Chunilal Bheda	Chairman
Mahesh Krishnamurti	Member
Swaminathan Janakiraman	Member
Prashant Kumar	Invitee

The terms of reference of the Corporate Social Responsibility Committee are as follows:

1) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013
2) To recommend the amount of expenditure to be incurred on CSR activities as indicated in the CSR Policy to the Board in accordance with the provisions of the Companies Act, 2013 and rules made thereunder
3) To monitor the CSR Policy of the Bank from time to time
4) To institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Bank
5) To consider and recommend the Annual CSR Report to the Board for approval
6) To perform any other function or duty as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws, as may be prescribed from time to time;
7) To formulate and recommend to the Board, the BANK's Donation Policy which shall indicate the donations made by the Bank in accordance with RBI Guidelines issued on December 21, 2005
8) To review the functioning of the Sustainability Council
9) To review and recommend to the Board, the Third party Assurance provider for assurance services on non-financial reporting
10) To review the functioning of YES FOUNDATION

v) Risk Management Committee

The Risk Monitoring Committee was originally constituted pursuant to resolution of our Board dated July 12, 2004 and was last re–constituted on March 26, 2020. The name of the *Risk Monitoring Committee* was changed to *Risk Management Committee* pursuant to the resolution of our Board dated June 25, 2020. The current constitution of this committee is as follows:

Name of Director	Position in the Committee
Sunil Mehta	Chairman
Atul Chunilal Bheda	Member
Partha Pratim Sengupta	Member
Swaminathan Janakiraman	Member
Prashant Kumar	Member

The following are the terms of reference of the Risk Management Committee:

1) Promote prudent risk culture in the Bank and integrate risk management into the Bank’s goals and compensation structure;
2) Assess that the risk universe for the Bank has been adequately identified. Monitor risk profile of the Bank (including credit risk, market risk, liquidity risk, IRRBB, operational risk, model risk, reputation risk, information security risk, cyber security related risk, etc.) within the Board approved overall Risk Appetite of the Bank as outlined in the ICAAP document;
3) Evaluate the adequacy of the risk management function, the qualifications and background of senior risk officials and review the adequacy of the staffing of the risk management function to perform its role appropriately;
4) Oversee the Bank’s enterprise risk management framework, covering risk identification, measurement, monitoring and mitigation;

5) Review, approve and recommend for the Board risk management policies, processes & risk management framework. Review and assess the effectiveness of the policies, processes and framework, address deficiencies and recommend improvements;
6) Review, assess and approve setting up of Bank's risk appetite and limits. Monitor compliance of risk limits and recommend appropriate actions in cases of breaches;
7) Review, assess and approve setting up of stress testing scenarios as well as review breaches therein; suggest remedial actions if any;
8) Monitoring compliance as well as critically analyzing various risk parameters and providing direction for corrective action wherever necessary;
9) Review of the Bank's portfolio and providing necessary guidance to management;
10) To review the minutes of executive level committees such as Asset Liability Committee (ALCO), Operational Risk Management Committee (ORMC), Outsourcing Management Committee (OMC), Security Council Meeting, Reputational Risk Management Committee (RRMC), Enterprise Risk and Capital Committee (ERCC), Model Assessment Committee (MAC) and any other risk related committees;
11) To perform any other function or duty as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or Board of Directors of the Bank or under any applicable laws as may be prescribed from time to time.

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term "group companies", includes (i) such companies (other than promoter(s) and subsidiary(ies)) with which the relevant issuer company had related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by the board of directors of the relevant issuer company.

Our Bank had considered BW Businessworld Media Private Limited and Apex Club India Private Limited ("**Erstwhile Related Entities**") as related parties in FY 2018 and FY 2019 on account of one of the erstwhile promoters of our Bank having significant influence on these entities, and had entered into related party transactions with such Erstwhile Related Entities, as reported under the Restated Financial Statements disclosed in this Prospectus. These Erstwhile Related Entities were not considered related parties in FY 2020. Pursuant to SEBI's letter dated June 9, 2020, bearing reference no. SEBI/HO/CFD/CMD1/OW/2020 ("**SEBI Letter**"), and approvals issued by the Stock Exchanges, each dated June 12, 2020, pursuant to Regulation 31A of the SEBI Listing Regulations, the erstwhile promoters and persons belonging to the promoter group (*i.e.* Rana Kapoor, Madhu Kapur, Morgan Credits Private Limited, Yes Capital (India) Private Limited and Mags Finvest Pvt Ltd) were re-classified as public shareholders. Our Bank is now professionally managed and is a 'listed entity with no promoters' in terms of the SEBI Listing Regulations. As a result of such re-classification, our Bank does not have any relationship with the Erstwhile Related Entities and accordingly, the Erstwhile Related Entities are not considered as group companies in relation to the Offer. For details on the re-classification of the erstwhile promoters and promoter group of our Bank, see "*History and Certain Corporate Matters*" on page 233. Further, from the perspective of materiality, there are no companies which are deemed to be material to our Bank and ought to be classified as a 'group company' in terms of the SEBI ICDR Regulations.

However, our Bank has considered State Bank of India as a related party in FY 2020, details of which are disclosed as Group Company below:

As on the date of this Prospectus, State Bank of India is the principal shareholder of our Bank, that holds 48.12% of the paid up equity share capital of our Bank.

Details of our Group Company

1. State Bank of India ("SBI")

Corporate Information and nature of activities

State Bank of India was incorporated on July 1, 1955 and is currently engaged in Banking and Finance activities approved by RBI.

Financial Performance

The financial information derived from the latest audited financial results available of SBI for the Fiscals 2018, 2019 and 2020 are set forth below:

(Figures in ₹ million except per share data)

	Fiscal 2020		Fiscal 2019		Fiscal 2018	
	Standalone	**Consolidated**	**Standalone**	**Consolidated**	**Standalone**	**Consolidated**
Equity Capital	8,925	8,925	8,925	8,925	8,925	8,925
Reserves (Excluding Revaluation Reserve)	2,073,523	2,264,050	1,953,674	2,089,493	1,933,881	2,045,815
Total Income	3,025,450.70	3,680,106.49	2,796,435.41	3,306,873.59	2,651,000.03	3,065,276.67
Profit/(Loss) after Tax	144,881	197,678	8622	22,996	(65,474)	(45,563)
Earnings per Share (Basic)	16.23	22.15	0.97	2.58	(7.67)	(5.34)
Earnings	16.23	22.15	0.97	2.58	(7.67)	(5.34)

	Fiscal 2020		Fiscal 2019		Fiscal 2018	
per Share (Diluted)						
Net Asset Value	NA	NA	NA	NA	NA	NA

There are no significant notes by the auditors of SBI in relation to the above mentioned financial statements for the specified last three Fiscals.

Share price information

The following table sets forth details of the highest and lowest price of the equity shares of SBI on NSE and BSE during the preceding six months:*

Month	BSE		NSE	
	High ₹	Low (₹)	High (₹)	Low (₹)
January 2020	339.3	310.7	339.3	310.7
February 2020	328.25	298	328.2	298.1
March 2020	289.85	181.6	289.85	181.6
April 2020	193.3	175.55	193.25	175.5
May 2020	178.8	150.85	178.85	150.85
June 2020	192.45	170.05	192.45	170.05

** High and low prices are based on the daily closing prices of the Equity Shares for the month.*

Litigation

There are no pending litigation proceedings involving our Group Company which has or may have a material impact on our Bank.

Group Company which is a sick industrial company

Our Group Company has not become a sick company under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, as amended.

Group Company under winding up/insolvency proceedings

Our Group Company is not under winding up/insolvency proceedings.

Loss making Group Company

Our Group Company has not incurred loss in the last audited Fiscal.

Nature and extent of interest of Group Company

Our Group Company may be deemed to be interested in our Bank, to the extent of its shareholding in our Bank. However, our Group Company does not have any interest in the promotion of our Bank.

Our Group Company is not interested in the properties acquired by our Bank since incorporation or proposed to be acquired by our Bank.

Our Group Company is not interested in any transactions for acquisition of land, construction of building or supply of machinery, *etc.*

Defunct Group Company

During the five years preceding the date of this Prospectus, our Group Company has not remained defunct and no application has been made to the relevant registrar of companies for striking off the name of our Group Company.

Common pursuits

SBI and our Bank are engaged in the business of banking. Pursuant to Yes Bank Limited Reconstruction Scheme 2020, SBI acquired 6,050,000,000 equity shares constituting 48.21% shareholding in our Bank.

Related Business Transactions within the group and significance on the financial performance of our Bank

Other than the transactions disclosed in the section "*Financial Statements*" on page 264, there are no other business transactions between our Bank and our Group Company which are significant to the financial performance of our Bank.

Business interests or other interests

Except as disclosed in "*Financial Statements*" on page 264, our Group Company does not have any business interest in our Bank.

Other Confirmations

Our Group Company has not made any public or rights issue of securities in the three years preceding the date of this Prospectus.

Further, neither have any of the securities of our Bank nor of our Group Company have been refused listing by any stock exchange in India or abroad, nor has our Bank or our Group Company failed to meet the listing requirements of any stock exchange in India or abroad.

DIVIDEND POLICY

Our Bank has adopted a dividend distribution policy in the meeting of the Board of Directors held on April 19, 2017, which was amended on April 26, 2019 ("**Dividend Policy**"). The Dividend Policy is designed to lay down guidelines on dividend distribution that balances the twin objectives of (i) appropriately rewarding shareholdersthrough dividends; and (ii) retaining healthy capital adequacy ratio to support future growth within regulatory framework. Our Dividend Policy provides for certain internal and external parameters that would be considered by our Board for declaration of dividend including, amongst other things, current and prospective financial performance including our Bank's Net NPA ratio; past dividend payouts; growth & investment opportunities; current and prospective capital ratios, including future regulatory as well as growth requirements; cost of raising capital; tax implications including dividend distribution tax; non-payment of coupons / distributions on debt instruments and such other factors/ events that our Board may consider.

The declaration and payment of dividend by our Bank is governed by the applicable provisions of the Companies Act, 2013, the Banking Regulation Act, SEBI Listing Regulations and the Articles of Association. In light of the recent COVID-19 situation, the RBI has mandated on April 17, 2020, that the banks shall not make any further dividend payouts from the profits pertaining to the financial year ended March 31, 2020 until further instructions. This restriction shall be reassessed by the Reserve Bank of India based on the financial results of banks for the quarter ending September 30, 2020. For further details, see "*Key Regulations and Policies in India*" on page 214.

Mode of payment of dividend

As per the SEBI Listing Regulations, our Bank is required to use any electronic mode of payment facility approved by the RBI, for payment of dividend. However, where it is not possible for our Bank to use any electronic mode of payment, 'payable-at-par' warrants or cheques may be issued, and where the amount payable as dividend exceeds ₹ 1,500, such 'payable-at-par' warrants or cheques shall be sent by speed post.

The dividend declared by our Bank on the Equity Shares in each of the Fiscal Years 2018, 2019, and 2020 as per our Restated Financial Statements are given below:

Dividend Particulars	**2018**	**2019**	**2020**
Face Value (in ₹)	2	2	2
Dividend (in ₹)	6,223.99	4,633.92	NIL
Dividend per Equity Share (in ₹)	2.70	2	NIL
Dividend (%)	135%	100%	NIL
Dividend Distribution Tax (in ₹)	1,279.65	952.52	NIL
Dividend Distribution Tax (%)	20.56%	20.56%	NIL

Further, no dividend has been paid between the period ended March 31, 2020 and the date of filing this Prospectus. The dividend paid in the past and the amounts paid as dividend are not indicative of our Dividend Policy or the amounts paid as dividend, if any, in the future. For details in relation to our capability to pay a dividend see "*Risk Factors – Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, capital expenditure, long-term target payout ratios, growth and investment opportunities, current capital ratios, current & prospective financial performance and other macro and micro-economic factors*" on page 63.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

In accordance with the SEBI ICDR Regulations, the audited financial information of our Bank for Fiscals 2018, 2019 and 2020 is available on our website at www.yesbank.in/about-us/investor-relations.

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Independent Auditor's Examination Report on Restated Consolidated Financial Information in connection with proposed further public offering of equity shares (the "Equity Shares") by YES Bank Limited (the "Bank") (the "Issue")

The Board of Directors
YES Bank Limited
YES BANK Tower; IFC 2, 15th Floor
Senapati Bapat Marg, Elphinstone (W)
Mumbai 400 013

3 July 2020

Dear Sirs

1. We have examined the attached Restated Consolidated Financial Information of YES Bank Limited (the "Bank" or the "Issuer") and its subsidiaries (the Bank and its subsidiaries together referred to as the "Group"), comprising the Consolidated Restated Balance Sheet as at 31 March 2020, 31 March 2019 and 31 March 2018, the Restated Consolidated Restated Profit and Loss Account and the Consolidated Restated Cash Flow Statement for the years ended 31 March 2020, 31 March 2019 and 31 March 2018, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively the "Restated Consolidated Financial Information"), as approved by the Board of Directors at their meeting held on 3 July 2020 for the purpose of inclusion in the Red Herring Prospectus (the "RHP") / the Prospectus prepared by the Bank in connection with its proposed Further Public Offering of equity shares (the "FPO") prepared in terms of the requirements of:

    a. section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");

    b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

    c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

Management's Responsibility

2. The preparation of Restated Consolidated Financial Information is the responsibility of the Board of Directors of the Bank for the purpose of inclusion in the RHP / Prospectus to be filed with Securities and Exchange Board of India ("SEBI"), relevant stock exchanges and Registrar of Companies, Maharashtra in connection with the proposed FPO. The Restated Consolidated Financial Information have been prepared by the management of the Bank on the basis of preparation stated in note 18.2 to the Restated Consolidated Financial Information. The respective company's management and Board of Directors of the companies included in the Group are responsible for designing, implementing and maintaining adequate internal control relevant to the

B S R & Co (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

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Management's Responsibility *(Continued)*

preparation and presentation of Restated Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

Auditor's Responsibility

3. We have examined such Restated Consolidated Financial Information taking into consideration:

    a. the terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 11 June 2020 in connection with the Issue;

    b. the Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

    c. concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and

    d. the requirements of Section 26 of the Act and the ICDR regulations.

    Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR regulations and the Guidance Note in connection with the FPO.

    We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control of Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

4. These Restated Consolidated Financial Information have compiled by management from the audited consolidated financial statements of the Group as at and for the years ended 31 March 2020, 31 March 2019, 31 March 2018, prepared in accordance with the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949, which have been approved by the Board of Directors at their meeting held on 6 May 2020, 26 April 2018 and 26 April 2018 respectively. The accounting and reporting policies of The Group used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

5. The audit report on the consolidated financial statements issued by us was modified and included the following matters giving rise to modifications to the auditor's report on the financial statements as at and for the year ended 31 March 2020:

Auditor's Responsibility *(Continued)*

a. that during the year ended 31 March 2020, the Bank has breached the regulatory requirements of RBI regarding maintaining the minimum CET1 and Tier 1 capital ratios which indicates the position of capital adequacy of a bank. The breach is primarily on account of the increase in the provision for advances during the year ended 31 March 2020as the Bank has decided, on a prudent basis, to enhance its Provision Coverage Ratio on its non-performing asset (NPA) loans over and above minimum RBI loan level provisioning. Inspite of the write back of the AT1 bonds on 14 March 2020 there is a breach of Tier 1 capital ratio as at 31 March 2020. The CET1 ratio and the Tier 1 capital ratio for the Bank as at 31 March 2020 stood at 6.3%.and 6.5 % as compared to the minimum requirements of 7.375% and 8.875% respectively. This implies that the Bank will have to take effective steps to augment its capital base in the year 2020-21. Further, in view of the RBI norms relating to the breach of the aforesaid ratio, there is uncertainty around RBI's potential action for such a breach. We are unable to comment on the consequential impact of the above regulatory breach on these consolidated financial statements.

b. that the Bank became aware in September 2018 through communications from stock exchanges of an anonymous whistle-blower complaint alleging irregularities in the Bank's operations, potential conflicts of interests in relation to the former MD and CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which resulted in a report that was reviewed by the Board of Directors in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. During the year ended 31 March 2020, the Bank identified certain further matters which arose from other independent investigations initiated by the lead banker of a consortium on the companies allegedly favoured by the former MD and CEO. In March 2020, the Enforcement Directorate has launched an investigation into some aspects of dealings and transactions by the former MD and CEO basis draft forensic reports from external agencies which further pointed out to conflict of interest between the former MD and CEO and certain companies and arrested him. In view of the fact that these enquiries and investigations are still ongoing, we are unable to comment on the consequential impact of the above matter on these consolidated financial statements.

6. The audit report on the consolidated financial statements issued by us also included a material uncertainty related to going concern as at 31 March 2020 as follows:

- We draw attention to Note 18.2 of the Consolidated Financial Statements, which indicates that the Bank has incurred a loss of Rs 16,418 crores for the year ended 31 March 2020. Particularly during the last six months, there has also been a significant decline in the Bank's deposit base, an increase in their NPA ratios resulting in breach of loan covenants on its foreign currency debt and credit rating downgrades resulting in partial prepayment of foreign currency debt linked to external credit rating. The Bank has also breached minimum Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio requirements of RBI during the year and has provided an amount of Rs.334 crores for the expected penalty on the SLR breach. The Bank has also breached the RBI mandated CET1 ratio and Tier 1 capital ratio which stood at 6.3%.and 6.5% as compared to the minimum requirements of 7.375% and 8.875% respectively. This requires the Bank to take effective steps to augment its capital base in the year 2020-21. The breach

Auditor’s Responsibility *(Continued)*

of the CET1 and Tier 1 requirements was also impacted by the decision of the Bank to enhance its Provision Coverage Ratio, on a prudent basis, on its NPA loans over and above RBI's minimum loan provisioning norms. Further, on 5 March 2020, the Central Government, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 for a period of 30 days effective 5 March 2020. The RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on 5 March 2020. The above indicators of financial stress and actions taken by the RBI resulted in a significant withdrawal of deposits.
On 13 March 2020, the Government of India notified the Yes Bank Limited Reconstruction Scheme 2020 ('the Scheme') [notified by the Central Government, in exercise of the powers conferred by sub section (4) and subsection 7 of section 45 of the Banking Regulation Act, 1949]. Under this Scheme the authorized share capital of the Bank was increased to Rs.6,200 crores. The Bank has received capital from investors amounting to Rs. l0,000 crores on 14 March 2020. The State Bank of India SBI) and other banks and financial institutions invested in the Bank at a price of Rs. 10 per equity share of the Bank (Rs.2 face value with a Rs.8 premium). SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in the Bank are also subject to a lock in for 75% of their holding as per this Scheme. A new Board of Directors, CEO and MD and Non Executive Chairman have also been appointed pursuant to the Scheme. In addition, the moratorium imposed on the Bank on 5 March 2020 was vacated on 18 March 2020 as per the Scheme. RBI has also granted short-term funding to the Bank for the period of 90 days. The Bank has submitted a proposal seeking extension for a period of one year. The draft reconstruction scheme proposed on 6 March 2020 had also envisaged that the Bank would be able to write back Additional Tier 1 (AT1) securities amounting to Rs.8,695 crores to equity. However, the final Scheme issued by the Government of India on 13 March 2020 does not contain any reference to the write back of the AT1 securities. Based on the legal advice on the contractual terms of the AT1 bonds, the Bank has fully written back AT1 bonds aggregating to Rs 8,415 crores on 14 March 2020. This action by the Bank has been legally challenged through a writ petition in the Hon'ble Bombay High court. In line with the RBl's COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020, the Bank has granted a moratorium of three months on the payment of all instalments and/or interest, as applicable, falling due between I March 2020 and 31 May 2020 to all eligible borrowers classified as Standard, even if overdue, as on 29 February 2020.

In the opinion of the Bank, based on the financial projections prepared by the Bank and approved by the Board for the next 3 years, the capital infusion, lines of liquidity provided by RBI and the reconstruction Scheme, the Bank will be able to realize its assets (including its deferred tax asset) and discharge its liabilities in its normal course of business and hence the financial statements have been prepared on a going concern basis. The said assumption of going concern is inter-alia dependent on the Bank's ability to achieve improvements in liquidity, asset quality and solvency ratios and mitigate the impact of Covid-19 and thus a material uncertainty exists that may cast a significant doubt on the Bank's ability to continue as a going concern. However, as stated above, as per management and the Board there are mitigating factors to such uncertainties including the amount of capital funds that have been raised in March 2020, the nature

Auditor's Responsibility *(Continued)*

and financial resources of new investors who have infused funds in the Bank, the new Board of Directors, CEO and MD and part time Chairman appointed as per the Scheme and the extent of regulatory support provided to the Bank by the RBI.

Our conclusion on the Consolidated Financial Statements is not modified in respect of this matter.

7. The audit report on the consolidated financial statements issued by us also included emphasis of matter paragraph as at 31 March 2020 and 31 March 2019 as follows:

- For the year ended 31 March 2020:

  a) that the Bank has a total deferred tax asset of Rs. 8,281 crores as at 3 I March 2020. As per the requirements of AS 22 - Income Taxes, based on the financial projections prepared by the Bank and approved by the Board of directors, the Bank has assessed that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The Bank expects to have a taxable profit for the future years. Our conclusion is not modified in respect of this matter.

  b) the Bank had made an additional provision of Rs. 15,422 crores for the period ended 31 December 2019 on a prudent evaluation of the status of NP As based on discussion with regulator over and above the RBI norms relating to the minimum provision to be made by banks on their loans and advances. The additional provision is judgmental based on the quality and status of specific loans identified by the Bank as at 31 March 2020. We believe that this judgment exercised by the Bank is appropriate. Our conclusion is not modified in respect of this matter.

- For the year ended 31 March 2019

  a) the consolidated financial statements which describes the ongoing enquiry by the Holding Company into certain anonymous whistle blower allegations. Our opinion is not modified in respect of this matter

8. As indicated in our audit reports referred above, we did not audit the financial statements of one subsidiary whose share of total assets, total revenues and net cash flows included in the consolidated financial statements, for the relevant years is tabulated below, which have been audited by other auditor and whose reports have been furnished to us by the Bank's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components, is based solely on the reports of the other auditor:

Particulars	**As at and for the year ended**		
(Amounts Rs in crore)	**31 March 2020**	**31 March 2019**	**31 March 2018**
Total assets	53.7	57.0	50.8
Total revenues	1.9	3.9	0.8
Net cash inflows / (outflows)	(19.1)	(26.6)	47.7

Opinion

9. Based on our examination and according to the information and explanations provided to us, we report that the Restated Consolidated Financial Information:

   a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended 31 March 2019 and 31 March 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended 31 March 2020;

   b) do not require any adjustments for the matter(s) giving rise to modifications mentioned in paragraph [5] above

   c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note

10. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated financial statements mentioned in paragraph 4 above.

11. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Restrictions of use

13. This report is intended solely for use of the Board of Directors for inclusion in the RHP / the Prospectus to be filed with Securities and Exchange Board of India, stock exchanges where the equity shares are listed and Registrar of Companies, Maharashtra (RoC), as applicable, in connection with the proposed FPO. Our report should not be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No. 113156
UDIN: 20113156AAAADY4149

Date: 3 July 2020
Place: Mumbai

YES Bank Limited - Restated Financials

Restated Consolidated Balance Sheet as at March 31, 2020

(₹ *in thousands)*

	Schedule	AS AT Mar 31, 2020	AS AT Mar 31, 2019	AS AT Mar 31, 2018
CAPITAL AND LIABILITIES				
Capital	*1*	**25,100,944**	4,630,066	4,605,934
Reserves and surplus	*2*	**191,848,655**	264,244,035	252,919,138
Deposits	*3*	**1,053,111,680**	2,275,579,027	2,006,886,036
Borrowings	*4*	**1,137,905,026**	1,084,241,089	748,935,808
Other liabilities and provisions	*5*	**170,355,332**	179,901,880	111,149,620
TOTAL		**2,578,321,637**	**3,808,596,097**	**3,124,496,536**
ASSETS				
Cash and balances with Reserve Bank of India	*6*	**59,436,550**	107,977,369	114,257,489
Balances with banks and money at call and short notice	*7*	**24,867,028**	161,871,938	133,280,682
Investments	*8*	**437,478,034**	893,285,327	682,934,387
Advances	*9*	**1,714,330,897**	2,413,971,851	2,035,188,250
Fixed assets	*10*	**10,233,842**	8,298,874	8,372,959
Other assets	*11*	**331,975,286**	223,190,738	150,462,769
TOTAL		**2,578,321,637**	**3,808,596,097**	**3,124,496,536**
Contingent liabilities	*12*	**4,585,275,340**	6,541,617,385	5,818,302,701
Bills for collection		**51,201,926**	50,592,373	19,355,641
Significant Accounting Policies and Notes to Accounts forming part of financial statements	*18*			

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors
YES BANK Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Anurag Adlakha
Group Chief Financial Officer

Shivanand R. Shettigar
Group Company Secretary

Mumbai
July 3, 2020

YES Bank Limited

Restated Consolidated Profit and loss account for the year ended March 31, 2020

(₹ in thousands)

		Schedule	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019	For the year ended Mar 31, 2018
I.	INCOME				
	Interest earned	*13*	**260,520,173**	296,237,987	202,685,947
	Other income	*14*	**119,560,986**	46,754,814	52,931,509
	TOTAL		**380,081,159**	**342,992,801**	**255,617,456**
II.	EXPENDITURE				
	Interest expended	*15*	**192,580,598**	198,112,872	125,294,301
	Operating expenses	*16*	**68,701,459**	63,614,279	52,735,403
	Provisions and contingencies	*17*	**283,124,906**	64,172,992	35,255,552
	TOTAL		**544,406,963**	**325,900,143**	**213,285,256**
III.	PROFIT				
	Net profit for the year		**(164,325,804)**	17,092,658	42,332,200
	Profit brought forward		**107,427,743**	103,695,292	79,189,628
	TOTAL		**(56,898,061)**	**120,787,950**	**121,521,828**
IV.	**APPROPRIATIONS**				
	Transfer to Statutory Reserve		**-**	4,300,697	10,561,409
	Transfer to Capital Reserve		**6,655,507**	1,010,096	659,648
	Transfer to Investment Reserve		**147,226**	6,707	-
	Transfer to Investment Fluctuation Reserve		**-**	539,066	
	Dividend paid for previous year		**4,633,917**	6,223,989	5,488,101
	Tax on Dividend paid for previous year		**952,516**	1,279,652	1,117,377
	Balance carried over to balance sheet		**(69,287,227)**	107,427,743	103,695,292
	TOTAL		**(56,898,061)**	**120,787,950**	**121,521,828**
	Significant Accounting Policies and Notes to Accounts forming part of financial statements	*18*			
	Earning per share				
	Basic (₹)		**(56.11)**	7.40	18.46
	Diluted (₹)		**(56.11)**	7.33	18.09
	(Face Value of Equity Share is ₹ 2/-)				

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors
YES BANK Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Anurag Adlakha
Group Chief Financial Officer

Shivanand R. Shettigar
Group Company Secretary

Mumbai
July 3, 2020

YES BANK Limited

Restated Consolidated Cash flow statement for the year ended Mar 31, 2020

(₹ in thousands)

		Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Cash flow from Operating Activities				
Net profit before taxes		**(208,381,933)**	**23,490,051**	**62,045,363**
Adjustment for				
Depreciation for the year		3,419,327	3,054,514	2,323,569
Amortization of premium on investments		2,459,276	2,102,585	1,673,308
Provision for investments		64,415,773	6,824,889	2,599,443
Provision for standard advances		(19,410,781)	22,514,059	1,687,427
Provision/write off of non performing advances		278,060,357	25,669,535	10,792,641
Other provisions		4,115,686	2,767,116	397,075
AT1 Write-down		(84,150,000)	-	
(Profit)/Loss on sale of land, building and other assets		(3,282)	(3,947)	12,891
	(i)	**40,524,423**	**86,418,802**	**81,531,717**
Adjustments for :				
Increase / (Decrease) in Deposits		(1,222,467,347)	268,692,991	578,311,598
Increase/(Decrease) in Other Liabilities		54,388,418	38,421,426	(1,058,963)
(Increase)/Decrease in Investments		241,661,936	(159,318,010)	(103,781,671)
(Increase)/Decrease in Advances		421,580,597	(404,453,136)	(725,041,549)
(Increase)/Decrease in Other assets		(107,244,746)	(49,363,644)	(25,122,220)
	(ii)	**(612,081,142)**	**(306,020,373)**	**(276,692,805)**
Payment of direct taxes	(iii)	(5,655,486)	(26,131,440)	(22,943,356)
Net cash generated from / (used in) operating activities (A) (i+ii+iii)		**(577,212,205)**	**(245,733,011)**	**(218,104,444)**
Cash flow from investing activities				
Purchase of fixed assets		(5,416,951)	(3,031,859)	(3,932,525)
Proceeds from sale of fixed assets		65,960	55,375	91,050
(Increase) / Decrease in Held To Maturity (HTM) securities		147,270,308	(59,960,403)	(83,607,484)
Net cash generated / (used in) from investing activities (B)		**141,919,317**	**(62,936,887)**	**(87,448,959)**
Cash flow from financing activities				
Increase in Borrowings		141,354,848	313,708,194	241,003,505
Tier II Debt raised		-	30,420,000	70,000,000
Innovative Perpetual Debt raised		-	(1,754,400)	54,150,000
Tier II Debt repaid during the year		(4,024,500)	(5,430,400)	(2,489,000)
Proceeds from issuance of Equity Shares (net of share issue expense)		118,639,176	953,472	1,420,167
Dividend paid during the year		(4,633,917)	(6,223,989)	(5,488,101)
Tax on dividend paid		(952,516)	(1,279,652)	(1,117,377)
Net cash generated from / (used in) financing activities (C)		**250,383,091**	**330,393,225**	**357,479,194**
Effect of exchange fluctuation on translation reserve (D)		(635,925)	587,809	65,803
Net increase in cash and cash equivalents (A+B+C+D)		**(185,545,721)**	**22,311,137**	**51,991,595**

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YES BANK Limited

Restated Consolidated Cash flow statement for the year ended Mar 31, 2020

(₹ in thousands)

	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Cash and cash equivalents as at April 1st	**269,849,307**	247,538,171	195,546,577
Cash and cash equivalents as at Mar 31st	**84,303,578**	269,849,307	247,538,171
Notes to the Cash flow statement:			
Cash and cash equivalents includes the following			
Cash and Balances with Reserve Bank of India	**59,436,550**	107,977,369	114,257,489
Balances with Banks and Money at Call and Short Notice	**24,867,028**	161,871,938	133,280,682
Cash and cash equivalents as at March 31st	**84,303,578**	**269,849,307**	**247,538,171**

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

For and on behalf of the Board of Directors
YES BANK Limited

Venkataraman Vishwanath
Partner
Membership No: 113156

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Anurag Adlakha
Group Chief Financial Officer

Shivanand R. Shettigar
Group Company Secretary

Mumbai
July 3, 2020

YES BANK Limited

Schedules forming part of Restated Consolidated Balance Sheet

(₹ in thousands)

		AS AT Mar 31, 2020	AS AT Mar 31, 2019	AS AT Mar 31, 2018
SCHEDULE 1 - CAPITAL				
Authorised Capital				
30,000,000,000 equity shares of ₹ 2/- each		**60,000,000**	6,000,000	6,000,000
20,000,000 preference shares of ₹ 100/- each		**2,000,000**	2,000,000	2,000,000
Issued, subscribed and paid-up capital (Refer Sch 18.7.1)				
12,550,472,231 equity shares of ₹ 2/- each (March 31, 2019 : 2,315,033,039 equity shares of ₹ 2/- each) (March 31, 2018 : 2,302,967,245 equity shares of ` 2/- each)		**25,100,944**	4,630,066	4,605,934
	TOTAL	**25,100,944**	**4,630,066**	**4,605,934**
SCHEDULE 2 - RESERVES AND SURPLUS				
I Statutory Reserves				
Opening balance		**48,934,100**	44,633,403	34,071,994
Additions during the year		**-**	4,300,697	10,561,409
Deductions during the year		**-**	-	-
Closing balance		**48,934,100**	**48,934,100**	**44,633,403**
II Share Premium				
Opening balance		**100,987,679**	100,058,339	98,679,248
Additions during the year (Refer Sch 18.7.1)		**99,118,298**	929,340	1,379,091
Deductions during the year		**950,000**	-	-
Closing balance		**199,155,977**	**100,987,679**	**100,058,339**
III Capital Reserve				
Opening balance		**5,534,577**	4,524,481	3,864,833
Additions during the year		**6,655,507**	1,010,096	659,648
Deductions during the year		**-**	-	-
Closing balance		**12,190,084**	**5,534,577**	**4,524,481**
IV Investment Reserve				
Opening balance		**232,904**	226,197	226,197
Additions during the year		**147,226**	6,707	-
Deductions during the year		**-**	-	-
Closing balance		**380,130**	**232,904**	**226,197**
V Foreign Currency Transalation Reserve				
Opening balance		**613,295**	25,486	(40,317)
Additions during the year		**(635,925)**	587,809	65,803
Deductions during the year		**-**	-	-
Closing balance		**(22,630)**	**613,295**	**25,486**
VI. Cash Flow Hedge Reserve				
Opening balance		**(25,323)**	(244,057)	(160,135)
Additions during the year		**(15,533)**	218,734	(83,922)
Deductions during the year		**-**	-	-
Closing balance		**(40,856)**	**(25,323)**	**(244,057)**
VII. Investment Fluctuation Reserve				
Opening balance		**539,066**	-	**-**
Additions during the year		**-**	539,066	**-**
Deductions during the year		**-**	-	**-**
Closing balance		**539,066**	**539,066**	**-**
VIII. Balance in Profit and Loss Account		**(69,287,215)**	107,427,739	103,695,291
	TOTAL	**191,848,655**	**264,244,037**	**252,919,138**

YES BANK Limited

Schedules forming part of Restated Consolidated Balance Sheet

(₹ *in thousands*)

				AS AT Mar 31, 2020	AS AT Mar 31, 2019	AS AT Mar 31, 2018
SCHEDULE 3 - DEPOSITS						
A. **I.**		**Demand Deposits**				
	i)	From Banks		**7,932,044**	17,301,403	14,602,217
	ii)	From Others		**86,893,712**	268,020,176	273,633,590
II.		**Savings Bank Deposit**		**185,635,246**	467,112,348	443,504,509
III.		**Term Deposits**				
	i)	From banks		**86,786,217**	184,849,906	112,971,241
	ii)	From others (incl. CD's issued)		**685,864,461**	1,338,295,194	1,162,174,479
			TOTAL	**1,053,111,680**	**2,275,579,027**	**2,006,886,036**
B. I.	**Deposits of branches in India**			**1,052,773,191**	2,274,432,000	2,005,954,161
II.	**Deposits of branches outside India**			**338,489**	1,147,027	931,875
			TOTAL	**1,053,111,680**	**2,275,579,027**	**2,006,886,036**
SCHEDULE 4 - BORROWINGS						
I.	**Innovative Perpetual Debt Instruments (IPDI) and Tier II Debt**					
A.	**Borrowing in India**					
	i)	IPDI		**5,870,000**	90,020,000	91,560,000
	ii)	Tier II Borrowings		**177,759,000**	180,759,000	152,339,000
			TOTAL (A)	**183,629,000**	**270,779,000**	**243,899,000**
B.	**Borrowings outside India**					
	i)	IPDI		**-**	-	325,875
	ii)	Tier II Borrowings		**5,674,875**	6,215,786	11,172,824
			TOTAL (B)	**5,674,875**	**6,215,786**	**11,498,699**
			TOTAL (A+B)	**189,303,875**	**276,994,786**	**255,397,699**
II.	**Other Borrowings**					
A.	**Borrowings in India**					
	i)	Reserve Bank of India		**520,380,000**	-	15,000,000
	ii)	Other banks		**18,350,000**	57,147,925	15,811,399
	iii)	Other institutions and agencies		**278,921,592**	345,669,057	187,167,910
			TOTAL (A)	**817,651,592**	**402,816,982**	**217,979,309**
B.		**Borrowings outside India**	**TOTAL (B)**	**130,949,559**	**404,429,321**	**275,558,800**
			TOTAL (A+B)	**948,601,151**	**807,246,303**	**493,538,109**
			TOTAL (I+II)	**1,137,905,026**	**1,084,241,089**	**748,935,808**

(1) Secured borrowings are ₹ 524,379,868 thousands (March 31, 2019 : ₹ 4,996,813 thousands) (March 31, 2018 : ₹ 46,463,203 thousands).
(2) Including ₹ 237,121,724 thousands of refinance borrowing (March 31, 2019: ₹ 302,872,244 thousands) (March 31, 2018: ₹ 123,216,106 thousands) ₹ 16,450,000 thousands (March 31 2019: ₹ 16,450,000 thousnads) (March 31 2018: ₹ 16,450,000 thousnads) of Green Infrastructure Bonds raised to fund 'Green Projects' and ₹ 21,350,000 thousands (March 31, 2019: ₹ 21,350,000 thousands) (March 31, 2018: ₹ 21,350,000 thousands) of Long Term Infrastructure Bonds raised to finance affordable housing and infrastructure projects.
(3) Includes bonds of ₹ 36,032,742 thousands (March 31, 2019: ₹32,909,865 thousands) (March 31, 2018: ₹38,974,842 thousands)of Medium Term Notes issued from International Business Unit (IBU) in GIFT city Gujarat to fund its growth.

YES BANK Limited

Schedules forming part of Restated Consolidated Balance Sheet

(₹ in thousands)

			AS AT Mar 31, 2020	AS AT Mar 31, 2019	AS AT Mar 31, 2018
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS					
I.	Bills payable		**2,867,243**	3,913,805	9,151,490
II.	Inter-office adjustments (net)		**-**	-	-
III.	Interest accrued		**22,632,492**	37,446,048	21,932,650
IV.	**Others (including provisions)**				**-**
	- Provision for standard advances		**12,597,187**	32,007,968	9,493,909
	- Country risk exposures		**69,000**	532,784	-
	- Others		**129,355,765**	106,001,275	70,571,571
	- Income Tax Provision		**2,833,648**	-	-
		TOTAL	**170,355,332**	**179,901,880**	**111,149,620**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA					
I.	Cash in hand		**16,307,411**	6,333,912	6,226,739
II.	Balances with Reserve Bank of India				
	- In current account		**43,129,139**	101,643,457	108,030,750
	- In other account		**-**	-	-
		TOTAL	**59,436,550**	**107,977,369**	**114,257,489**
SCHEDULE 7 - BALANCES WITH BANKS, MONEY AT CALL AND SHORT NOTICE					
I. **In India**					
Balances with banks-					
i)	in current accounts		**6,143,114**	2,157,843	787,042
ii)	in other deposit accounts		**677,270**	790,390	189,134
Money at call and short notice					
i)	with Banks		**-**	-	-
ii)	with other institutions		**-**	-	-
iii)	lending under reverse repo (RBI & Banks)		**13,200,000**	88,310,161	112,009,654
		TOTAL (I)	**20,020,384**	**91,258,393**	**112,985,830**
II. Outside India					
i)	in current account		**4,532,635**	39,148,020	14,494,277
ii)	in other deposit account		**-**	-	-
iii)	money at call and short notice		**314,010**	31,465,525	5,800,575
					-
		TOTAL (II)	**4,846,644**	**70,613,545**	**20,294,852**
					-
		TOTAL (I+II)	**24,867,028**	**161,871,938**	**133,280,682**

YES BANK Limited

Schedules forming part of Restated Consolidated Balance Sheet

(₹ in thousands)

			AS AT Mar 31, 2020	AS AT Mar 31, 2019	AS AT Mar 31, 2018
SCHEDULE 8 - INVESTMENTS (Net of provisions)					
A. Investments in India					
i)	Government Securities		**329,069,163**	553,611,120	488,860,831
ii)	Other approved securities		**-**	-	-
iii)	Shares		**243,865**	429,168	643,782
iv)	Debentures and bonds		**74,399,345**	154,985,441	145,045,609
v)	Subsidiaries and/or joint ventures		**-**	-	-
vi)	Others (CPs, CDs, Security Receipts, Pass through certificates etc)		**32,254,100**	61,130,681	38,030,003
		TOTAL (I)	**435,966,473**	**770,156,410**	**672,580,225**
B. Investments outside India					
i)	Government Securities		**-**	120,595,843	3,445,612
ii)	Shares		**-**	9,421	6,908,550
iii)	Debentures and bonds		**-**	2,523,653	10,354,162
iv)	Others (CPs, CDs, Security Receipts, Pass through certificates etc)		**1,511,561**	-	-
		TOTAL (II)	**1,511,561**	**123,128,917**	**10,354,162**
		TOTAL (I+II)	**437,478,034**	**893,285,327**	**682,934,387**

SCHEDULE 9 - ADVANCES

				Mar 31, 2020	Mar 31, 2019	Mar 31, 2018
A.	i)	Bills purchased and discounted		**22,086,320**	42,078,951	39,543,292
	ii)	Cash credit, overdrafts and loans payable on demand		**342,839,985**	411,627,297	349,346,228
	iii)	Term loans*		**1,349,404,592**	1,960,265,603	1,646,298,730
			TOTAL	**1,714,330,897**	**2,413,971,851**	**2,035,188,250**
		** Provision on Non Performing Advances (NPAs) has been netted off from Term Loans*				
B.	i)	Secured by tangible assets (includes advances secured by fixed deposits and book debt)		**1,300,993,862**	1,960,480,829	1,477,525,720
	ii)	Covered by Bank/Government guarantees		**2,720,758**	10,366,160	5,996,099
	iii)	Unsecured [1]		**410,616,277**	443,124,862	551,666,431
			TOTAL	**1,714,330,897**	**2,413,971,851**	**2,035,188,250**

[1] Includes advances of ₹ 37,671,709.07 thousands (March 31, 2019: ₹ 128,510,880 thousands) (March 31, 2018: ₹ 337,552,952 thousands) for which security documentation is either being obtained or being registered. As at March 31, 2020 advances amounting to ₹ 12,738,207.03 thousand (March 31, 2019 : ₹ 2,403,000 thousands) (March 31, 2018 : Nil) has been secured by intangible securities such as charge over the rights, licenses, authority, etc.

				Mar 31, 2020	Mar 31, 2019	Mar 31, 2018
C. I.	Advances in India					
	i)	Priority sectors		**470,973,962**	539,338,050	446,472,144
	ii)	Public sector		**488,829**	56,671	1,524,237
	iii)	Banks		**1,119,061**	674,817	1,214,227
	iv)	Others		**1,100,867,916**	1,685,204,048	1,441,912,028
			TOTAL (I)	**1,573,449,767**	**2,225,273,585**	**1,891,122,636**
II.	Advances outside India					
	i)	Due from Banks		**5,853**	431,707	1,716,986
	ii)	(a) Bills purchased and discounted		**-**	-	
		(b) Syndicated loans		**35,862,373**	30,796,065	142,348,628
		(c) others		**105,012,904**	157,470,494	-
			TOTAL (II)	**140,881,130**	**188,698,266**	**144,065,614**
			TOTAL (I+II)	**1,714,330,897**	**2,413,971,851**	**2,035,188,250**

(₹ in thousands)

			As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2018
SCHEDULE 10 - FIXED ASSETS					
I.	Premises				
	At cost as on March 31st of preceding year		378,031	378,031	378,031
	Additions during the year		-	-	-
	Deductions during the year		-	-	-
	Accumulated depreciation to date		(21,006)	(14,704)	(8,402)
		TOTAL (I)	**357,025**	**363,327**	**369,629**
II.	Other Fixed Assets (including furniture and fixtures and software)				
	At cost as on March 31st of preceding year		18,305,440	15,319,476	11,802,938
	Additions during the year		2,992,739	3,245,135	3,963,415
	Deductions during the year		(310,977)	(259,173)	(446,876)
	Accumulated depreciation to date		(14,049,021)	(10,884,314)	(8,037,673)
		TOTAL (II)	**6,938,181**	**7,421,123**	**7,281,804**
		TOTAL (I+II)	**7,295,206**	**7,784,450**	**7,651,433**
	Capital work-in-progress		2,938,634	514,423	721,526
		TOTAL	**10,233,842**	**8,298,874**	**8,372,959**
SCHEDULE 11 - OTHER ASSETS					
I.	Interest Accrued		22,516,878	39,050,909	25,169,413
II.	Advance tax and tax deducted at source (net of provision)		-	4,894,170	1,721,287
III.	Deferred tax asset (Refer Sch 18.15)		82,809,960	25,374,714	8,762,413
IV.	Non-Banking assets aquired in satisfaction of claims		353,000	353,000	364,790
V	Others		226,295,448	153,517,945	114,444,866
		TOTAL	**331,975,286**	**223,190,738**	**150,462,769**
SCHEDULE 12 - CONTINGENT LIABILITIES					
I.	Claims against the bank not acknowledged as debts		612,500	549,157	116,436
II.	Liability for partly paid investments		-	-	-
III.	Liability on account of outstanding forward exchange contracts		1,519,467,414	2,834,098,764	3,000,448,825
IV.	Liability on account of outstanding derivative contracts				-
	- Single currency Interest Rate Swap		1,866,270,431	1,702,671,190	1,141,440,348
	- Others		548,274,930	868,291,165	783,747,908
V.	Guarantees given on behalf on constituents				-
	- in India		420,131,381	437,248,909	314,307,933
	- Outside India		-	-	-
VI.	Acceptances, endorsement and other obligations		198,799,106	390,140,737	411,689,385
VII.	Other items for which the bank is contingently liable				-
	- Purchase of securities pending settlement		836,632	3,622,750	9,068,982
	- Capital commitment		3,213,827	2,984,859	2,942,928
	-Amount deposited with RBI under Depositor Education and Awareness Fund (DEAF)		53,681	32,834	13,533
	- Foreign exchange contracts (Tom & Spot)		25,887,555	300,477,020	154,526,423
	-Custody		1,727,883	-	-
	- Bills Rediscounting		-	1,500,000	-
		TOTAL	**4,585,275,340**	**6,541,617,385**	**5,818,302,701**

Contingent Liability on account of outstanding forward exchange contracts and single currency interest rate swap as on March 31, 2020 includes notional amount of ₹1,067,721,532 thousands and ₹543,032,121 thousands (Mar 31, 2019: ₹2,035,934,447 thousands and ₹407,303,929 thousands) (Mar 31, 2018: ₹2,315,099,034 thousands and ₹318,672,816 thousands) guaranteed by CCIL representing 70.27% and 29.10% (Mar 31, 2019: 71.84% and 23.92%) (Mar 31, 2018: 77.16% and 27.92%)of total outstanding forward exchange contracts and single currency interest rate swaps respectively.

YES BANK Limited

Schedules forming part of Restated Consolidated Profit and Loss Account

(₹ in thousands)

		For the year ended Mar 31, 2020	For the year ended Mar 31, 2019	For the year ended Mar 31, 2018
SCHEDULE 13 - INTEREST EARNED				
I.	Interest/discount on advances/bills	**212,466,013**	229,185,385	154,778,487
II.	Income on investments	**42,609,208**	60,484,215	41,025,311
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	**2,103,677**	3,975,738	5,160,730
IV.	Others	**3,341,275**	2,592,649	1,721,419
	TOTAL	**260,520,173**	**296,237,987**	**202,685,947**
SCHEDULE 14 - OTHER INCOME				
I.	Commission, exchange and brokerage	**15,259,280**	36,352,664	42,070,717
II.	Profit on the sale of investments (net)	**11,134,575**	3,174,838	5,134,739
III.	Profit/(Loss) on the revaluation of investments (net)	**-**	-	-
IV.	Profit/(Loss) on sale of land, building and other assets	**3,282**	3,947	(12,892)
V.	Profit on exchange transactions (net)	**3,731,959**	1,570,297	2,315,709
VI.	Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	**-**	-	-
VII.	Miscellaneous income	**89,431,890**	5,653,068	3,423,236
	TOTAL	**119,560,986**	**46,754,814**	**52,931,509**

Miscellaneous income for the period ended March 31, 2020 includes extraordinary income on account of write down of Additional Tier I Bonds amounting to ₹ 84,150,000 thousands

		For the year ended Mar 31, 2020	For the year ended Mar 31, 2019	For the year ended Mar 31, 2018
SCHEDULE 15 - INTEREST EXPENDED				
I.	Interest on deposits	**120,019,406**	136,826,853	93,824,814
II.	Interest on Reserve Bank of India/inter-bank borrowings/ Tier I and Tier II debt instruments	**66,661,229**	60,764,723	29,840,501
III.	Others	**5,899,963**	521,297	1,628,986
	TOTAL	**192,580,598**	**198,112,872**	**125,294,301**

YES BANK Limited

Schedules forming part of Restated Consolidated Profit and Loss Account

(₹ in thousands)

		For the year ended Mar 31, 2020	For the year ended Mar 31, 2019	For the year ended Mar 31, 2018
SCHEDULE 16 - OPERATING EXPENSES				
I.	Payments to and provisions for employees	**26,913,246**	25,381,132	22,346,642
II.	Rent, taxes and lighting	**4,540,763**	4,237,407	4,587,562
III.	Printing and stationery	**407,322**	425,902	372,953
IV.	Advertisement and publicity	**296,655**	662,134	965,047
V.	Depreciation on Group's property	**3,419,327**	3,054,514	2,323,569
VI.	Directors' fees, allowances and expenses	**57,867**	46,613	21,423
VII.	Auditors' fees and expenses	**44,898**	25,229	15,917
VIII.	Law charges	**151,949**	90,931	60,940
IX.	Postage, telegrams, telephones, etc.	**643,777**	648,219	604,812
X.	Repairs and maintenance	**357,857**	423,286	348,022
XI.	Insurance	**2,162,391**	2,079,092	1,512,828
XII.	Other expenditure	**29,705,408**	26,539,820	19,575,688
	TOTAL	**68,701,459**	**63,614,279**	**52,735,403**

SCHEDULE 17 - PROVISIONS & CONTINGENCIES				
I.	Provision for taxation (Refer Sch 18.8)	**(44,056,129)**	6,397,393	19,713,163
II.	Provision for investments	**64,415,773**	6,824,889	2,599,443
III.	Provision for standard advances	**(19,410,781)**	22,514,059	1,687,427
IV.	Provision/write off for non performing advances	**278,060,357**	25,669,535	10,792,641
V.	Other Provisions	**4,115,686**	2,767,116	462,878
	TOTAL	**283,124,906**	**64,172,992**	**35,255,552**

Significant accounting policies and notes forming part of the restated accounts for the year ended March 31, 2020

Note 1. Statement on Material Adjustments and Regroupings

The Restated Consolidated Financial Statements consists of Restated Consolidated Balance Sheet, Restated Consolidated Profit and Loss Account, Restated Consolidated Statement of Cash Flows and Restated Consolidated Schedules to Restated Balance sheet & Restated Profit and Loss Account as of and for the Fiscal Years ended, March 31, 2018, March 31, 2019, and March 31, 2020 are collectively referred to as the "Restated Financial Information".

Material Adjustments:

The accounting policies as at and for the year ended March 31, 2020 are materially consistent with the policies adopted for each of the previous financial years ended March 31, 2019 and March 31, 2018. The Restated Consolidated Financial Statements have been prepared based on the respective audited Historical Financial Statements for the Fiscal Years ended March 31, 2020, March 31, 2019 and March 31, 2018.

The following accounting policy was implemented during the year ended March 31, 2020, which has no material effect on the Restated Consolidated Financial Statements:

Revenue recognition:
The Bank in FY20, has changed the methodology recognition of fee income such that a fee in excess of 2% received upfront on the origination of a loan would be amortized over the life of loan. The impact of such change in methodology for recognition of fees is not material and accordingly the same is not considered for Restated Financials.

Non adjusting items:

1. Qualification in auditors' report

a. On the financial statements for the year ended March 31, 2020

The auditor's report on the financial statements for the year ended March 31, 2020 included the following qualifications, which does not require any adjustment in the Restated Consolidated Financial Statements

- We draw attention to Note 18.2 of the Consolidated Financial Statements, which indicates that during the year ended 31 March 2020, the Bank has breached the regulatory requirements of the Reserve Bank of India ('RBI') regarding maintaining the minimum Common Equity Tier ('CET') 1 and Tier 1 capital ratios which indicates the position of capital adequacy of a bank. The breach is primarily on account of the increase in the provision for advances during the year ended 31 March 2020 as the Bank has decided, on a prudent basis, to enhance its Provision Coverage Ratio on its Non-Performing Asset (NPA) loans over and above minimum RBI loan level provisioning. Inspite of the write back of the AT1 bonds on 14 March 2020 there is a breach of Tier 1 capital ratio as at 31 March 2020. The CET1 ratio and the Tier 1 capital ratios for the Bank as at 31 March 2020 stood at 6.3% and 6.5 % as compared to the minimum requirements of 7.375% and 8.875% respectively. This implies that the Bank will have to take effective steps to augment its capital base in the year 2020-21. Further, in view of the RBI norms relating to the breach of the aforesaid ratios, there is uncertainty around RBI's potential action for such a breach. We are unable to comment on the consequential impact of the above regulatory breach on these Consolidated Financial Statements.

- We draw attention to Note 18.19 of the Consolidated Financial Statements, which discloses that the Bank became aware in September 2018 through communications from stock exchanges of an anonymous whistle-blower complaint alleging irregularities in the Bank's operations, potential conflicts of interests in relation to the former MD and CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which resulted in a report that was reviewed by the Board of Directors in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. During the year ended 31 March 2020, the Bank identified certain further matters which arose from other independent investigations initiated by the lead banker of a lenders' consortium on the companies allegedly favoured by the former MD and CEO. In March 2020, the Enforcement Directorate has launched an investigation into some aspects of dealings and transactions by the former MD and CEO basis draft forensic reports from external agencies which further pointed out to conflict of interest between the former MD and CEO and certain companies and arrested him. In view of the fact that these enquiries and investigations are still ongoing, we are unable to comment on the consequential impact of the above matter on these Consolidated Financial Statements.

2. Material uncertainty related to going concern

The auditor's report on the financial statements for the year ended March 31, 2020 included the following paragraph on material uncertainty related to going concern, which does not require any adjustment in the Restated Consolidated Financial Statements

1. We draw attention to Note 18.2 of the Consolidated Financial Statements, which indicates that the Bank has incurred a loss of Rs 16,418 crores for the year ended 31 March 2020. Particularly during the last six months, there has also been a significant decline in the Bank's deposit base, an increase in their NPA ratios resulting in breach of loan covenants on its foreign currency debt and credit rating downgrades resulting in partial prepayment of foreign currency debt linked to external credit rating. The Bank has also breached minimum Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio requirements of RBI during the year and has provided an amount of Rs.334 crores for the expected penalty on the SLR breach. The Bank has also breached the RBI mandated CET1 ratio and Tier 1 capital ratio which stood at 6.3%.and 6.5% as compared to the minimum requirements of 7.375% and 8.875% respectively. This requires the Bank to take effective steps to augment its capital base in the year 2020-21. The breach of the CET1 and Tier 1 requirements was also impacted by the decision of the Bank to enhance its Provision Coverage Ratio, on a prudent basis, on its NPA loans over and above RBI's minimum loan provisioning norms. Further, on 5 March 2020, the Central Government, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 for a period of 30 days effective 5 March 2020. The RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on 5 March 2020. The above indicators of financial stress and actions taken by the RBI resulted in a significant withdrawal of deposits. On 13 March 2020, the Government of India notified the Yes Bank Limited Reconstruction Scheme 2020 ('the Scheme') [notified by the Central Government, in exercise of the powers conferred by sub section (4) and subsection 7 of section 45 of the Banking Regulation Act, 1949]. Under this Scheme the authorized share capital of the Bank was increased to Rs.6,200 crores. The Bank has received capital from investors amounting to Rs.10,000 crores on 14 March 2020. The State Bank of India (SBI) and other banks and financial institutions invested in the Bank at a price of Rs.10 per equity share of the Bank (Rs.2 face value with a Rs.8 premium). SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in the Bank are also subject to a lock in for 75% of their holding as per this Scheme. A new Board of Directors, CEO and MD and Non Executive Chairman have also been appointed pursuant to the Scheme. In addition, the moratorium imposed on the Bank on 5 March 2020 was vacated on 18 March 2020 as per the Scheme. RBI has also granted short-term funding to the Bank for the period of 90 days. The Bank has submitted a proposal seeking extension for a period of one year. The draft reconstruction scheme proposed on 6 March 2020 had also envisaged that the Bank would be able to write back Additional Tier 1 (AT1) securities amounting to Rs.8,695 crores to equity. However, the final Scheme issued by the Government of India on 13 March 2020 does not contain any reference to the write back of the AT1 securities. Based on the legal advice on the contractual terms of the AT 1 bonds, the Bank has fully written back AT 1 bonds aggregating to Rs 8,415 crores on 14 March 2020. This action by the Bank has been legally challenged through a writ petition in the Hon'ble Bombay High court.

   In line with the RBI's COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020, the Bank has granted a moratorium of three months on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 (later extended to August 31, 2020) to all eligible borrowers classified as Standard, even if overdue, as on 29 February 2020.
   In the opinion of the Bank, based on the financial projections prepared by the Bank and approved by the Board for the next 3 years, the capital infusion, lines of liquidity provided by RBI and the reconstruction Scheme, the Bank will be able to realize its assets (including its deferred tax asset) and discharge its liabilities in its normal course of business and hence the financial statements have been prepared on a going concern basis. The said assumption of going concern is inter-alia dependent on the Bank's ability to achieve improvements in liquidity, asset quality and solvency ratios and mitigate the impact of Covid-19 and thus a material uncertainty exists that may cast a significant doubt on the Bank's ability to continue as a going concern. However, as stated above, as per management and the Board there are mitigating factors to such uncertainties including the amount of capital funds that have been raised in March 2020, the nature and financial resources of new investors who have infused funds in the Bank, the new Board of Directors, CEO and MD and part time Chairman appointed as per the Scheme and the extent of regulatory support provided to the Bank by the RBI.

Our conclusion on the Consolidated Financial Statements is not modified in respect of this matter.

3. Emphasis of matter paragraph in auditor's report

a. On the financial statements for the year ended March 31, 2020

The auditor's report on the financial statements for the year ended March 31, 2020 included the following Emphasis of Matter paragraphs, which do not require any adjustment in the Restated Consolidated Financial Statements

- that the Bank has a total deferred tax asset of Rs. 8,281 crores as at 31 March 2020. As per the requirements of AS 22 - Income Taxes, based on the financial projections prepared by the Bank and approved by the Board of directors, the Bank has assessed that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The Bank expects to have a taxable profit for the future years. Our conclusion is not modified in respect of this matter

- the Bank had made an additional provision of Rs. 15,422 crores for the period ended 31 December 2019 on a prudent evaluation of the status of NPAs based on discussion with regulator over and above the RBI norms relating to the minimum provision to be made by banks on their loans and advances. The additional provision is judgmental based on the quality and status of specific loans identified by the Bank as at 31 March 2020. We believe that this judgment exercised by the Bank is appropriate. Our conclusion is not modified in respect of this matter.

b. On the financial statements for the year ended March 31, 2019

The auditor's report on the financial statements for the year ended March 31, 2019 included the following Emphasis of Matter paragraphs, which do not require any adjustment in the Restated Consolidated Financial Statements

- the consolidated financial statements which describes the ongoing enquiry by the Holding Company into certain anonymous whistle blower allegations. Our opinion is not modified in respect of this matter

4. Change in estimates

a. From the quarter ended December 31, 2019, the Bank considers slippages in Corporate NPAs post the period end till the date of results / financial statement, while determining NPAs and related provisioning requirements. Further, the Bank had decided, on a prudent basis, to enhance its Provision Coverage Ratio on its NPA loans over and above the RBI loan level provisioning requirements. This change is considered as change in estimates, and consequently no retrospective adjustments have been made in this regard to the Restated Financials

b. As part of the Risk Based Supervision (RBS) exercise for the Fiscal Year 2016-17 and 2018-19 concluded in November 2019, the Reserve Bank of India ('RBI') has pointed out certain retrospective divergence in respect of the Bank's asset classification and provisioning under the applicable prudential norms on income recognition, asset classification and provision as at 31 March 2019 and accordingly, the impact of such divergence is considered in the year in which the RBI has issued the report and consequently no retrospective adjustments have been made in this regard to the Restated Consolidated Financial Statements.

5. Material regroupings

Appropriate regrouping/reclassifications have been made in the Restated Financial Statements in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2019 (as amended), in respect of the corresponding items of assets, liabilities, income, expenses, and cash flows in order to align them with the groupings as per the audited financial statements of the Bank. Non-financial information including ratios, percentages, etc, have been updated to the extent applicable, as a consequence of regroupings / reclassifications made, as indicated above.

6. Material errors

There are no material errors that require any adjustment in the Restated Financial Statements.

18. Significant accounting policies and notes forming part of the restated accounts for the year ended March 31, 2020

18.1 Background

YES BANK is a publicly held bank engaged in providing a wide range of banking and financial services. YES BANK is a banking company governed by the Banking Regulation Act, 1949. The Bank 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. Also the Bank has a branch at International Financial Services Centre ('IFSC') at GIFT City, Gujarat ('IBU'). The Bank classifies transactions undertaken by IBU as overseas operation.

On March 13, 2020, the Government of India notified the "Yes Bank Ltd. Reconstruction Scheme, 2020" (Scheme). As per the Scheme, authorized capital has been increased from ₹ 11,000 million to ₹ 62,000 million. The State Bank of India (SBI) and other investors invested in the Bank at a price of ₹ 10 per equity share of the Bank (₹ 2 face value with a ₹ 8 premium). As per the scheme, SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in Yes Bank are also subject to a lock in for 75% of their holding as per this Scheme.

YES Securities (India) Limited ('the Company') was incorporated on March 14, 2013, as a wholly owned subsidiary of YES Bank Limited ('YBL' / 'Holding Company'). The Company is a securities broker registered with the Securities and Exchange Board of India since July 8, 2013. The Company also got SEBI registration as Category I Merchant Banker w.e.f. September 3, 2015 and as a Research Analyst w.e.f. November 30, 2015. The Company also got SEBI registration as Investment Adviser w.e.f. March 20, 2017. The Company offers, inter alia, trading / investment in equity, merchant banking and other financial products along with various value added services. The Company is member of the National Stock Exchange ('NSE') since May 2, 2013 and the Bombay Stock Exchange ('BSE') since June 11, 2013 and MCX since February 5, 2019, NCDEX since February 6, 2020.

YES Asset Management (India) Limited (the Company) was incorporated on April 21, 2017 as a wholly owned subsidiary of YES BANK Limited (YBL / Holding Company). The Company has entered into an investment management agreement with Yes Trustee Limited to act as the investment manager for any funds to be launched by YES Mutual fund. The company obtained registration from Securities and Exchange Board of India ('SEBI') to launch Mutual fund operations on July 3, 2018. Yes Mutual Fund launched its first Scheme YES Liquid Fund in January 2019. Subsequently in the FY 2019-20 Yes Mutual Fund launched two schemes namely YES Ultra Short Term Fund and YES Overnight Fund.

YES Trustee Limited (the 'Company') was incorporated under the provisions of the Companies Act, 2013 on 3 May 2017 having its registered office in Mumbai. The Company is a wholly owned subsidiary of YES Bank Limited. The Company is engaged in providing trusteeship services to YES Mutual Fund.YES Mutual Fund has launched its first Scheme YES Liquid Fund in January 2019. Subsequently in FY 2019-20, YES Mutual Fund has launched two schemes namely YES Ultra Short Term Fund and YES Overnight Fund.

18.2 Basis of preparation

The Restated Summary Statements have been compiled by the management from the audited financial statements of each of the years ended March 31, 2020, 2019 and 2018 (together, the "Historical Audited Financial Statements"). The accounting policies have been consistently applied by the Bank in preparation of the Restated Consolidated Financial Statements and are consistent with those adopted in the preparation of financial statements for the year ended March 31, 2020

The Restated Consolidated Financial Statements have been prepared by the Bank in accordance with the requirements of relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

Regulations, 2018, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992, to the extent applicable. The Restated Summary Statements have been prepared by the Bank specially for inclusion in the offer document to be filed by the Bank with the Securities and Exchange Board of India ("SEBI") to facilitate the management discussion and analysis of the Bank's financial performance in connection with its proposed initial public offering, and were approved by the Board on July 03, 2020.

The Historical Audited Financial Statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of The Group used in the preparation of these restated financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India. The Group follows accrual method of accounting and the historical cost convention, unless otherwise stated by RBI guidelines.

18.3 ***Principles of Consolidation***

The restated consolidated financial statements comprise the restated financial statements of YES Bank Limited, and its subsidiaries, YES Securities (India) Limited, YES Asset Management (India) Limited and YES Trustee Limited which together constitute the 'Group'.

The Bank consolidates its subsidiaries in accordance with Accounting Standard ('AS') 21, Consolidated Financial Statements notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 issued by the Ministry of Corporate Affairs to the extent applicable on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure.

Use of estimates

The preparation of restated financial statements requires the management to make estimates and assumptions that are considered while reporting amounts of assets and liabilities (including contingent liabilities) as of the date of the restated financial statements and income and expenses during the reporting period. Management believes that the estimates used in the preparation of the restated financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

18.4 **Assessment of Going Concern:**

In the aftermath of the IL&FS crisis in September 2018, the financial sector had been heavily constrained from a liquidity stand-point. Also, rising defaults in Power and Infrastructure sector in second half of 2019 have taken a toll on the stressed book of various Banks and NBFCs. In this macro environment, given its low capital covers, the Bank has been adversely impacted on account of elevated slippages in its corporate book especially in power and infra sector. The Bank reported a marginal profit for the quarter ended 30 June 2019 and reported loss in the quarter ended September 30, 2019. For the quarter ended December 31, 2019, as a consequence of increase in NPAs, additional recording slippages post period end and increase in Provision Coverage Ratio (PCR), the reported loss was ₹ 185,604 million. The Bank had also breached the RBI mandated Common Equity (CET1) ratio which stood at 0.62% at 31 December 2019 as compared to the requirement of 7.375%. The delay in capital raising triggered the downgrade of the Bank's rating by Rating Agencies.

In addition the deposit outflow in early October on account of a combination of events such as invocation of Promoter's pledged shares\IT glitches for Yes Bank (and others)\problems arising from financial distress in Punjab and Maharashtra Cooperative Bank led to a continuing breach in Liquidity Coverage Ratio (LCR) starting October 2019 and continues till date. The Bank's deposit base has seen a reduction from ₹ 2,094,973 million as at September 30, 2019 to ₹ 1,657,554 million as at December 31, 2019. The deposit position as at March 31, 2020 is ₹ 1,053,639 million and has reduced further to ₹ 1,027,179 million as at May 02, 2020. The Bank had also prepaid ~USD 1.18 billion (₹ 85,000 million) by February 29, 2020. On March 5, 2020, the Central Government, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 for a period of 30 days effective March 5, 2020 which was lifted on March 18, 2020. Further, the RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on March 5, 2020. As per the moratorium a restriction was imposed on the withdrawal by depositors of amounts up to ₹ 50,000 and the Bank also could not grant or renew loans or make any investments.

A new Board of Directors, MD & CEO and Non Executive Chairman have also been appointed under the Scheme. The Bank has since obtained a Board approval to raise additional equity of upto Rs 150,000 million. As a consequence of the reconstitution the Bank was deemed to be un-viable. Consequently, write-back of certain Basel III additional tier 1 Bonds ("AT 1 Bonds") issued by the Bank had been triggered. Hence, such AT 1 Bonds amounting to ₹ 84,150 million have been fully written down permanently. The Trustees, on behalf of the holders of AT 1 Bonds have filed a writ petition seeking to challenge the decision of the Bank to write down AT 1 bonds. The Bank, based on the legal opinion of its external independent legal counsel is of the view that the merits of the Bank's decision to write back the AT 1 bonds is in accordance with the contractual terms for issuance of AT 1 Bonds. The Bank had also been granted a short term special liquidity facility for 90 days from the RBI. The Bank also raised CDs of ₹ 72,000 million as at March 31, 2020. As a consequence of the above factors the Bank's loss post tax and AT 1 write back (exceptional income) is ₹ 164,180 million. The Bank's CET1 ratio is 6.3% (regulatory requirement with CCB of 7.375%) and tier 1 capital ratio is 6.5% (regulatory requirement of 8.875%) as at March 31, 2020. The Bank has substantially enhanced its PCR and strengthened its Balance Sheet. However, RBI's current framework on 'Prompt Corrective Action' (PCA) considers regulatory breaches in CET as a potential trigger. The Bank remains in constant communication with RBI on the various parameters and ratios and RBI has not imposed any fine on the Bank for the regulatory breaches.

The Bank's deposit base has seen a reduction from ` 2,276,102 million as at March 31, 2019 to ` 1,053,639 million as at March 31, 2020 (Position as at May 02, 2020 ` 1,027,179 million). Consequently, the Bank's quarterly average 'Liquidity Coverage Ratio' (LCR) has fallen from 74% for the quarter ended December 31, 2019 to 40% for the quarter ended March 31, 2020 (regulatory limit 100%), position as at May 02, 2020 34.8%(regulatory limit 80%). The Bank also has a deferred tax asset of ` 82,810 million as at March 31, 2020. Though the Bank has made a loss of ` 164,180 million for the year ended March 31, 2020, the Bank has a taxable profit for the year ended March 31, 2020. The Bank continues to carry such deferred tax asset in its Balance Sheet, as basis financial projections approved by the Board of Directors, there is reasonable certainty of having sufficient taxable income to enable realization of the said deferred tax asset as specified in Accounting Standard 22 (Accounting for Taxes on Income).

In the month of March 2020, SARS-CoV-2 virus responsible for COVID-19 continued to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic outlook and activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's future results will depend on related developments, which remain highly uncertain.

The Bank witnessed significant deposit withdrawal immediately post the moratorium was lifted, however the deposits stabilised post March 23, 2020. While further reduction in deposits lost post moratorium may cast material uncertainty, particularly in the current COVID scenario, the Bank under the leadership of new management and Reconstituted Board is confident that it can tide over the current issues successfully.

This belief is reinforced by the pedigree of new investors of the Bank (led by State Bank of India and other Financial Institutions). The Bank believes that the stress is temporary in nature and would be rectified through infusion of fresh capital and the liquidity initiative measures being undertaken. Further, The Bank's management and board of directors have made an assessment of its ability to continue as a going concern based on the detailed projected financial statements including plan for raising of deposits and other sources of funds for the next 3 years and are satisfied that with the proposed capital infusion and the Bank's strong customer base and branch network, will enable the Bank to continue its business for the foreseeable future, so as to be able to realize its assets and discharge its liabilities in its normal course of business. Based on the projection and assessment, the Bank believes that it will achieve operating profit in near term and expects higher level of recoveries from NPA as significant portion of the stressed book already classified as NPA, the Bank expected to be on a growth trajectory. As such, the financial statements continue to be prepared on a going concern basis.

18.5 Estimation of uncertainties relating to the global health pandemic from COVID-19:

From the quarter ended December 31, 2019, the Bank considers slippages in Corporate NPAs post the period end till the date of results / financial statement, while determining NPAs and related provisioning requirements. Further, the Bank had decided, on a prudent basis, to enhance its Provision Coverage Ratio on its NPA loans over and above the RBI loan level provisioning requirements. As a result, the Bank recognized additional provisions of ₹ 154,220.39 million for the period ended December 31, 2019. In line with the RBI's COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and the Governor's Statement dated May 22, 2020, the Bank has granted a moratorium of six months on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted (except advances at IFSC Banking Unit (IBU)), the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms) and as the asset classification as of March 31, 2020 has been retained based on the overdue status as at February 29, 2020. Hence on account of above mentioned RBI's COVID-19 Regulatory Package, Bank has not considered slippages post March 31, 2020 till the date of results / financial statement.

In line with RBI requirements, the Bank holds necessary provisions as at March 31, 2020 against the assets where the asset classification benefit has been extended on account of standstill requirements.

18.6 Restated significant accounting policies

18.6.1 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

- Interest income is recognized in the profit and loss account on accrual basis, except in the case of non-performing assets. Interest on non-performing assets is recognized as per the prudential norms of the RBI. Penal Interest is recognized upon certainty of its realization.
- Dividend income is recognized when the right to receive payment is established.
- Commission on guarantees issued by the Bank is recognized as income over the period of the guarantee.
- Commission on Letters of Credit ('LC') issued by the Bank is recognized as income at the time of issue of the LC.
- Income on non-coupon bearing discounted instruments is recognized over the tenure of the instrument on a straight line basis. In case of coupon bearing discounted instruments, discount income is recognized over the tenor of the instrument on yield basis.
- In case of Bonds and Pass Through Certificates, premium on redemption, if any, is amortised over the tenure of the instrument on a yield basis.
- Revenue from financial advisory services is recognized in line with milestones achieved as per terms of agreement with clients which is reflective of services rendered.
- Facility fees and loan processing fees are recognised when due and realizable.
- Other fees and commission are accounted for as and when they became due.
- Brokerage income is recognised as per contracted rate on execution of transaction on behalf of the customers on the trade date, GST and stock exchange expenses..
- Fee income from Investment banking / Merchant banking services are recognised based on completion of milestone as per the engagement letter. Further Fee income in relation to public issues/ other securities is recognised based on mobilization and intimation received from clients / intermediaries.
- Interest income, account opening income and other income is recognized on accrual basis..
- Fee for subscription based services are recognised as earned on a pro rata basis over the term of the plan.

- Management fees are accounted for on accrual basis in accordance with the investment management agreement and SEBI (Mutual Fund) Regulations, 1996.
- Dividend income is recognized when the right to receive dividend is established.

18.6.2 Investments

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015.

Accounting and Classification

The Bank follows settlement date accounting for Investments. In compliance with RBI guidelines, all investments, are categorized as "Held for trading" ('HFT'), "Available for sale" ('AFS') or "Held to maturity" ('HTM') at the time of its purchase. For the purpose of disclosure in the balance sheet, investments are classified as disclosed in Schedule 8 ('Investments') under six groups (a) government securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others.

a) Cost of acquisition

Costs such as brokerage pertaining to investments, paid at the time of acquisition and broken period interest are charged to the profit and loss account as per the RBI guidelines.

b) Basis of classification

Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT category. Investments that The Group intends to hold till maturity are classified under the HTM category, or as per RBI guidelines. Securities which are not classified in the above categories are classified under the AFS category.

c) Transfer between categories

Reclassification of investments from one category to the other, if done, is in accordance with RBI guidelines. Transfer of scrips from AFS / HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS / HFT category, the investments held under HTM at a discount are transferred to AFS / HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS/ HFT at the amortized cost.

Transfer of investments from AFS to HFT or vice- a- versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

d) Valuation

Investments categorized under AFS and HFT categories are marked to market (MTM) on a periodical basis as per relevant RBI guidelines. Net depreciation, if any, in the category under the classification mentioned in Schedule 8 ('Investments') is recognized in the profit and loss account. The net appreciation, if any, in the category under each classification is ignored, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to periodic valuation of investments.

Investments received in lieu of restructured advances scheme are valued in accordance with RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category. Depreciation on equity shares acquired and held by The Group under restructuring scheme is provided as per RBI guidelines.

Investments classified under the HTM category are carried at their acquisition cost and any premium over the face value, paid on acquisition, is amortised on a straight line basis over the remaining period to maturity. Amortization expense of premia on investments in the HTM category is deducted from interest income in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. Where in the opinion of management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made. Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve.

Treasury Bills, Commercial Paper and Certificates of deposit being discounted instruments, are valued at carrying cost.

Pass Through Certificates purchased for priority sector lending requirements are valued at Book Value in accordance with RBI guidelines.

The market/ fair value applied for the purpose of periodical valuation of quoted investments included in the AFS and HFT categories is the market price of the scrip as available from the trades/ quotes on the stock exchanges and for Subsidiary General Ledger ('SGL') account transactions, the prices as periodically declared by Financial Benchmarks India Pvt. Ltd.(FBIL).

The market/ fair value of unquoted government securities included in the AFS and HFT category is determined as per the prices published by FBIL. Further, in the case of unquoted bonds, debentures, pass through certificates (other than priority sector) and preference shares, valuation is carried out by applying an appropriate mark-up (reflecting associated credit risk) over the Yield to Maturity ('YTM') rates of government securities. Such mark up and YTM rates applied are as per the relevant rates published by FIMMDA/FBIL.

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is netted in the Investment schedule. The short position is marked to market and loss, if any, is charged to the Profit and Loss account while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Profit and Loss account.

Units of Venture Capital Funds (VCF) held under AFS category are valued using the Net Asset Value (NAV) shown by VCF as per the financial statement. The VCFs are valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF.

Quoted equity shares are valued at their closing price on a recognized stock exchange. Unquoted equity shares are valued at the break-up value if the latest balance sheet is available, else, at ₹ 1 per company, as per relevant RBI guidelines.

At the end of each reporting period, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction company are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, The Group reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting date. In case of investment in Security Receipts on or after April 01, 2017 which are backed by more than 50% of the stressed assets sold by the bank or 10% of the stressed asset sold by the bank post April 01, 2018, provision for depreciation in value is made at higher of - provisioning rate required in terms of net assets value declared by Reconstruction Company(RC)/Securitization Company(SC) or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continue in the books of the Bank. All other investments in the Security Receipts are valued as per the NAV obtained from issuing RC/SC.

Investments in quoted Mutual Fund (MF) Units are valued at the latest repurchase price/net asset value declared by the mutual fund. Investments in un-quoted MF Units are valued on the basis of the latest re-purchase price declared by the MF in respect of each particular Scheme.

Investment in listed instruments of Real Estate Investment Trust (REIT)/Infrastructure Investment Trust (INVIT) is valued at closing price on a recognized stock exchange with the higher volumes. In case the instruments were not traded on any stock exchange within 15 days prior to date of valuation, valuation is done based on the latest NAV (not older than 1 year) submitted by the valuer.

Sovereign foreign currency bonds are valued using Composite Bloomberg Bond Trader (CBBT) price or Bloomberg Valuation Service (BVAL) price or on Treasury curve in the chronological order based on availability.

Non- Sovereign foreign currency Bonds are valued using either Composite Bloomberg Bond Trader (CBBT) price, Bloomberg Valuation Service (BVAL) price , Bloomberg Generic price (BGN) , Last available CBBT pricing for the instrument or Proxy Bond Pricing from Bloomberg in the chronological order based on availability.

Masala bonds are valued using either Composite Bloomberg Bond Trader (CBBT) price, Bloomberg Valuation Service (BVAL) price or as per FIMMDA guided valuation methodology for unquoted bonds in the chronological order based on availability.

Special bonds such as oil bonds, fertilizer bonds, UDAY bonds etc. which are directly issued by Government of India ('GOI') is valued based on FBIL valuation.

Equity shares in the Banks demat account, acquired through exercise of pledge, is not accounted as investments. Upon sale of the pledged shares, the proceeds are utilized to offset the borrower's liability

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. Based on management assessment of impairment, The Group additionally creates provision over and above the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss account until received.

e) *Profit/Loss on sale of Investments*

*P*rofit/Loss on sale of Investments in the HTM category is recognized in the profit and loss account and profit thereafter is appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/Loss on sale of investments in HFT and AFS categories is recognized in the Profit and Loss account.

f) *Accounting for repos / reverse repos*

Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) including liquidity adjustment facility (LAF) with RBI are treated as collateralized borrowing and lending transactions respectively in accordance with RBI master circular No. DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. The first leg of the repo transaction is contracted at the prevailing market rates. The difference between consideration amounts of first and second (reversal of first) leg reflects interest and is recognized as interest income/expense over the period of transaction.

Group also undertakes Repo and Reverse repo transactions from IFSC Banking Unit in GIFT City in Foreign currency Sovereign Securities and accounting is similar to the domestic repo transactions.

g) *Investment fluctuation reserve*

With a view to building up of adequate reserves to protect against increase in yields, RBI through circular number RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, advised all banks to create an IFR with effect from the FY 2018-19.

Transferred to IFR will be lower of the following (i) net profit on sale of investments during the year or (ii) net profit for the year less mandatory appropriations; until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

18.6.3 Advances

Accounting and classification

Advances are classified as performing and non-performing based on the relevant RBI guidelines. Advances are stated net of specific provisions, interest in suspense, inter-bank participation certificates issued, direct assignment and bills rediscounted.

Provisioning

Provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of the advances, subject to the minimum provisioning level prescribed in relevant RBI guidelines. The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels. Specific provisions in respect of non-performing advances are charged to the Profit and Loss account and included under Provisions and Contingencies. From the quarter ended December 31, 2019, the Bank consider slippages in Corporate NPAs post the period end till the date of results / restated financial statement, while determining NPAs and related provisioning requirements.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 (later extended to August 31, 2020) to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted (except advances at IFSC Banking Unit (IBU)), the asset classification as of March 31, 2020 has been retained based on the overdue status as at February 29, 2020. As a consequence the Bank has not recognized any slippage in asset classification from standard to NPA post February 29, 2020 on account of moratorium.

As per the RBI guidelines a general provision is made on all standard advances, including provision for borrowers having unhedged foreign currency exposure and for credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts. These also include provision for stressed sector exposures and provision for incremental exposure of the banking system to a specified borrower beyond Normally Permitted Lending Limit (NPLL) in proportion to bank's funded exposure to specified borrower. Such provisions are included in Schedule 5 - 'Other liabilities & provisions - Others'.

In respect of restructured standard and non performing advances, provision is made for the present value of principal and interest component sacrificed at the time of restructuring the assets, based on the RBI guidelines.

Accounts are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Profit and Loss account and included under other income.

In case of loans sold to asset reconstruction company, if consideration is more than net book value, the group records the security receipts as investment at Net Book Value as per RBI guidelines.

The Bank has in place a Country Risk management policy as part of its Board approved Credit policy, which is based on extant regulatory guidelines and addresses the identification, measurement, monitoring and reporting of country risk. Countries are categorized into seven risk categories, viz. Insignificant, Low Risk, Moderately Low Risk, Moderate Risk, Moderately Risk, High Risk and Very High Risk. The Bank calculates direct and indirect country risk in line with the policy requirements. Indirect exposure is reckoned at 50% of the exposure in case of countries where the net funded exposure exceeds 1% of the Bank's total assets. Further, if the net funded exposure of The Bank in respect of each country exceeds 1% of the Bank's total assets, provisioning is required to be made on exposure to such countries. Depending on the risk category of the country, provisioning is done on a graded scale ranging from 0.25% to 100% for exposures with contractual maturity greater than or equal to 180 days. In respect of short-term exposures with contractual maturity less than 180 days, 25% of the normal provision requirement is held.

18.6.4 *Transactions involving foreign exchange*

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at the daily average closing rates and of non-integral foreign operations (foreign branches) at the monthly average closing rates.

Premia/discounts on foreign exchange swaps, that are used to hedge risks arising from foreign currency assets and liabilities, are amortized over the life of the swap.

Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI'). Foreign exchange contracts are stated at net present value using LIBOR/SWAP curves of the respective currencies with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis.

In accordance with AS 11 'The Effects of changes in Foreign Exchange Rates', contingent liabilities in respect of outstanding foreign exchange forward contracts, derivatives, guarantees, endorsements and other obligations are stated at the exchange rates notified by FEDAI corresponding to the balance sheet date.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date and the resulting profit / loss arising from exchange differences are accumulated in the Foreign Currency Translation Account until the disposal of the net investment in the non-integral foreign operations.

In accordance with the RBI clarification, the Bank does not recognise in the profit and loss account the proportionate exchange gains or losses held in the foreign currency translation reserve on repatriation of profits from overseas operations.

Currency future contracts are marked to market daily using settlement price on a trading day, which is the closing price of the respective future contracts on that day. While the daily settlement prices is computed on the basis of weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the future contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit / loss is daily set.

18.6.5 *Earnings per share*

The Group reports basic and diluted earnings per equity share in accordance with Accounting Standard (AS) 20, "Earnings per Share" notified under section 133 of the Companies Act 2013. Basic earnings per equity share have been computed by dividing net profit after tax for the year by the weighted average number of equity shares outstanding for the period.

Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares options outstanding during the period except where the results are anti -dilutive.

18.6.6 *Accounting for derivative transactions*

Derivative transactions comprises forward rate agreements, swaps and option contracts. The Group undertakes derivative transactions for market making/trading and hedging on-balance sheet assets and liabilities. All market making/trading transactions are marked to market on a monthly basis and the resultant unrealized gains/losses are recognized in the profit and loss account.

Derivative transactions that are undertaken for hedging are accounted for on accrual basis except for the transaction designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements, which are accounted similar to the underlying asset or liability.

Cross currency interest rate swaps which are used by The Group to hedge its foreign currency borrowings have been designated as cash flow hedges and are measured at fair value. The corresponding gain or loss is recognised as cash flow hedge reserve. Further to match profit/ loss on account of revaluation of foreign currency borrowing, the corresponding amount is recycled from cash flow hedge reserve to Profit and Loss account.

The Group follows the option premium accounting framework prescribed by FEDAI SPL- circular dated Dec 14, 2007. Premium on option transaction is recognized as income/expense on expiry or early termination of the transaction. Mark to market (MTM) gain/loss (adjusted for premium received/paid on option contracts) is recorded under 'Other Income'.

The amounts received/paid on cancellation of option contracts are recognized as realized gains/losses on options. Charges receivable/payable on cancellation/ termination of foreign exchange forward contracts and swaps are recognized as income/ expense on the date of cancellation/ termination under 'Other Income'.

Valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

The requirement for collateral and credit risk mitigation on derivative contracts is assessed based on internal credit policy. Overdue if any, on account of derivative transactions are accounted in accordance with extant RBI guidelines.

As per the RBI guidelines on 'Prudential Norms for Off-balance Sheet Exposures of Banks' a general provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions.

18.6.7 Fixed assets

Fixed assets are stated at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost comprises the purchase price and any cost attributable for bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit /functioning capability from / of such assets.

18.6.8 Depreciation

Depreciation on fixed assets is provided on straight-line method, over estimated useful lives, as determined by the management, at the rates mentioned below-

Class of asset	Useful life of Assets as per Companies Act, 2013	Useful life of Assets as per Bank's Accounting Policy
Owned Premises	60 years	60 years
Office equipment	5 years	5 years
Computer hardware[1]	6 years	3 years
Computer software *	6 years	4 years
Vehicles[1]	8 years	5 years
Furniture and Fixtures	10 years	10 years
Automated Teller Machines ('ATMs') [1]	15 years	10 years
Leasehold improvements to premises	-	Over the lease period or 9 years whichever is less.

**As per RBI Guidelines.*

[1] Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

- Assets costing up to ₹ 5,000 are fully depreciated in the year of purchase.
- For assets purchased/ sold during the year, depreciation is being provided on pro rata basis by the Bank.
- Improvements to leasehold assets are depreciated over the remaining period of lease
- Reimbursement, if any, is recognised on receipt and is adjusted to the book value of asset and depreciated over the balance life of the asset
- Whenever there is a revision in the estimated useful life of the asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset
- The useful life of assets is based on historical experience of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

18.6.9 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the recoverable amount of the assets.

18.6.10 Employee benefits

Employee Stock Option Scheme ('ESOS')

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of The Group to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within specified periods.

Measurement of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI) and SEBI (Share Based Employee Benefits) Regulations, 2014. The Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock (i.e. the last closing price on the stock exchange on the day preceding the date of grant of stock options) over the exercise price. The exercise price of the Bank's stock option is the last closing price on the stock exchange on the day preceding the date of grant of stock options and accordingly there is no compensation cost under the intrinsic value method.

Compensated Absence

The employees of the Group are entitled to carry forward a part of their unavailed/unutilized leave subject to a maximum limit. The employees cannot encash unavailed/unutilized leave. The Group provides for leave encashment / compensated absences based on an independent actuarial valuation at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation.

Gratuity

The Group provides for gratuity, a defined benefit retirement plan, covering eligible employees. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent to 15 days' eligible salary payable for each completed year of service if the service is more than 5 years. The Group accounts for the liability for future gratuity benefits using the projected unit cost method based on annual actuarial valuation.

The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS-15, Employee Benefits, to determine the present value of the defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Profit and Loss account.

Provident fund

In accordance with law, all employees of the Group are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and The Group contribute monthly at a pre determined rate. Contribution to provident fund are recognized as expense as and when the services are rendered. The Group has no liability for future provident fund benefits other than its annual contribution.

In February 2019, the honorable Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). The Group has been legally advised that there are interpretative challenges on the application of judgment retrospectively and as such does not consider there is any probable obligations for past periods. The Group has given effect of this judgment from April 01, 2019 prospectively.

National Pension System (NPS)

The NPS is a defined contribution retirement plan. The primary objective is enabling systematic savings and to provide retirees with an option to achieve financial stability. Pension contributions are invested in the pension fund schemes. The Group has no liability for future fund benefits other than the voluntary contribution made by employees who agree to contribute to the scheme.

18.6.11 Leases

Leases where the lessor effectively retains substantially all risks and benefits of ownership are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease term in accordance with Accounting Standard -19, Leases.

18.6.12 Income taxes

Tax expense comprises current and deferred tax. Current tax comprises of the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed there under. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, all deferred tax assets are recognized only if there is virtual certainty of realization of such assets supported by convincing evidence. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

18.6.13 Provisions and contingent assets/liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of The Group or a present obligation that arises from past events that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The Group does not recognize a contingent liability but discloses its existence in the restated financial statements

In accordance with AS 29, Provisions, Contingent Liabilities and Contingent Assets, The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the restated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

18.6.14 Cash and Cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

18.6.15 Corporate social responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss account.

18.6.16 Debit and credit cards reward points

The Bank estimates the probable redemption of debit and credit card reward points and cost per point using actuarial valuation method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends.

Provisions for liabilities on said reward points are made based on the actuarial valuation report as furnished by the said independent actuary and included in other liabilities.

18.6.17 Bullion

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on a price quoted by the supplier. The Group earns a fee on such bullion transactions. The fee is classified in other income. The Group also deals in bullion on a borrowing and lending basis and the interest paid / received thereon is classified as interest expense / income respectively.

18.6.18 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

18.6.19 Segment information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

18.6.20 Priority Sector Lending Certificates (PSLC)

The Bank, in accordance with RBI circular FIDD.CO.Plan.BC.23/ 04.09.01/2015-16 dated April 7, 2016, trades in priority sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

18.7 Capital

18.7.1 Equity Issue

During the financial year ended March 31, 2020, the Bank has issued 231,055,018 equity shares of ₹ 2 each for cash pursuant to a Qualified Institutions Placement (QIP) at ₹ 83.55 aggregating to ₹ 19,304.64 million.

On March 13, 2020, the Government of India notified the "Yes Bank Ltd. Reconstruction Scheme, 2020" (Scheme). As per the Scheme, authorized capital has been increased from ₹ 11,000 million to ₹ 62,000 million (₹ 8,000 million as at March 31, 2019). The State Bank of India (SBI) and other investors invested in the Bank at a price of ₹ 10 per equity share of the Bank (₹ 2 face value with a ₹ 8 premium). As per the scheme, SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in YES Bank are also subject to a lock in for 75% of their holding as per this Scheme. Further, as per final reconstruction scheme of the Bank, Bank has issued 10,000 million equity shares at ₹ 10 each aggregating to ₹ 100,000.00 million.

The share allotment under reconstruction scheme is given below:

Sr No.	Name of Investor	Subscription Amount (₹ in million)	Number of Equity Shares Allotted (in Million)
1	State Bank of India	60,500	6,050
2	Housing Development Finance Corporation Limited	10,000	1,000
3	ICICI Bank Limited	10,000	1,000
4	Axis Bank Limited	6,000	600
5	Kotak Mahindra Bank Limited	5,000	500
6	The Federal Bank Ltd	3,000	300
7	Bandhan Bank Limited	3,000	300
8	IDFC First Bank Limited	2,500	250
	TOTAL	100,000	10,000

The Bank accreted ₹ 79,550.00 million (net of estimated share issue expenses of ₹ 450.00 million) as premium. The Bank also issued 4,384,174 shares pursuant to the exercise of stock option aggregating to ₹ 284.53 million. During the financial year ended March 31, 2019, the Bank has issued 12,065,794 shares pursuant to the exercise of stock option aggregating to ₹ 953.47 million.

On September 8, 2017, the shareholders of the Bank approved the sub-division of each equity share having a face value of ₹ 10 into five equity shares having a face value of ₹ 2 each through postal ballot. The record date for the sub-division was September 22, 2017. All shares and per share information in the restated financial results reflect the effect of such sub-division.

During the financial year ended March 31, 2018, the Bank has issued 20,538,180 shares pursuant to the exercise of stock option aggregating to ₹ 1,378.65 million.

Movement in Share Capital

(₹ in million)

Share Capital	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Opening Share Capital	4,630.07	4,605.93	4,564.86
Addition due to exercise of Stock Option	8.76	24.13	41.07
Addition due to shares issued for QIP	462.11	-	-
Addition due to shares issued under Reconstruction scheme	20,000.00	-	-
Closing Share Capital	**25,100.94**	**4,630.07**	**4,605.93**

Write Down of AT1 Bonds

On March 13, 2020, pursuant to the provisions of Section 45 of the Banking Regulation Act, 1949, the Reserve Bank of India (RBI) reconstituted YES Bank Limited ("the Bank"). As a consequence of the reconstitution, the Bank was deemed to be non-viable. Further, the Bank incurred losses and breached RBI mandated Common Equity Ratio (CET 1) and other statutory ratios. This activated the triggers for write-down of Basel III additional tier 1 Bonds amounting to ₹ 84,150 million ("AT 1 Bonds") issued by the Bank. Accordingly, the Bank was constrained to write down AT Bonds on March 14, 2020. The Trustees, on behalf of the holders of AT 1 Bonds have filed a writ petition seeking to challenge the decision of the Bank to write down AT 1 bonds. The Bank, based on the legal opinion of its external independent legal counsel is of the view that the merits of the Bank's decision to write down the AT 1 bonds in accordance with the contractual terms for issuance of AT 1 Bonds.

Interest on Additional Tier I Capital (Unsecured, Non-Convertible, Tier I Subordinated Perpetual Bonds in the nature of Promissory Notes issued under Basel II guidelines) amounting to ₹ 84.0 million was not paid by the Bank as the regulatory ratio of the Bank were lower than the minimum required

18.7.2 Proposed Dividend:

The Bank has made loss during the year and as consequence to that the Bank has not declared any dividend. Further, the Reserve Bank of India, vide its circular dated April 17, 2020, has declared that banks shall not make any further dividend payouts from profit pertaining to financial year ended March 31, 2020, until further instructions with the view to conserve capital in the environment of heightened uncertainly caused by COVID- 19.

18.7.3 Divergence in Asset Classification and Provisioning for NPAs

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1" April, 2019. banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period. As part of the Risk Based Supervision (RBS) exercise for FY 2018-19 concluded in November 2019, the RBI has pointed out certain retrospective divergence in the Bank's asset classification and provisioning as on 31st March 2019. In conformity with the above mentioned RBI circular, the below table outlines divergences in asset classification and provisioning.

Sr.	Particulars	(₹ in millions)
1	Gross NPAs as on March 31, 2019 as reported by the Bank	78,825.59
2	Gross NPAs as on March 31, 2019 as assessed by RBI	111,595.59
3	Divergence in Gross NPAs (2-1)	32,770.00
4	Net NPAs as on March 31, 2019 as reported by the Bank	44,848.49
5	Net NPAs as on March 31, 2019 as assessed by RBI	67,838.49
6	Divergence in Net NPAs (5-4)	22,990.00
7	Provision for NPAs as on March 31, 2019 as reported by the Bank	33,977.10
8	Provision for NPAs as on March 31, 2019 as assessed by RBI	43,757.10
9	Divergence in provisioning (8-7)	9,780.00
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2019	17,202.79
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning	10,840.31

Divergence reported in financial of March 31, 2018.

- The Bank classifies performing and non-performing advances (NPAs) as per the RBI's Prudential Norms on Income recognition, Asset Classification and Provisioning.
- Based on application of RBI's prudential norms as stated above, the Bank classified and made the prescribed provisions against the NPAs as at the end of 31st March, 2017.
- As part of the Risk Based Supervision (RBS) exercise for FY 2016-17 concluded in October 2017, the RBI has pointed out certain retrospective divergence in the Bank's asset classification and provisioning as on 31st March 2017. In conformity with the RBI circulars DBR.BP.BC.NO.63/21.04.018/2016-17 issued on April 18, 2017, SEBI circular issued on July 18, 2017 and as per approval from the Board of Directors at its Board Meeting held on October 26, 2017, the below table outlines divergences in asset classification and provisioning.

Sr.	Particulars	(₹ in millions)
1	Gross NPAs as on March 31, 2017 as reported by the Bank	20,185.57
2	Gross NPAs as on March 31, 2017 as assessed by RBI	83,737.57
3	Divergence in Gross NPAs (2-1)	63,551.99
4	Net NPAs as on March 31, 2017 as reported by the Bank	10,722.68
5	Net NPAs as on March 31, 2017 as assessed by RBI	58,916.24
6	Divergence in Net NPAs (5-4)	48,193.56
7	Provision for NPAs as on March 31, 2017 as reported by the Bank	9,462.89
8	Provision for NPAs as on March 31, 2017 as assessed by RBI	24,821.38
9	Divergence in provisioning (8-7)	15,358.49
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2017	33,300.96
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning	23,161.28

The net current impact of the aforementioned retrospective slippages due to divergence noted by RBI in October 2017 has been duly reflected in the results for the year ended March 31, 2018.

Out of the total divergence current position as on Mar 31, 2018 is as under:

Particulars	(₹ in millions)	%
1. Net Repayments (In full / partial)*	24,343.47	38.30%
2. Sold to Asset Reconstruction Company (ARC) against Security Receipts** (non cash component)	8,031.58	12.64%
3. Outstanding as on March 31, 2018 (a+b):	31,176.94	49.06%
a) Upgraded as Standard on account of satisfactory account conduct	*26,326.94*	*41.43%*
*b) Classified as NPA****	*4,850.00*	*7.63%*
Total (1+2+3)	63,551.99	

* includes cash received from ARC for loans sold

** Recorded at Net book value of ₹ 5,681.97 million

*** Corresponding provision carried is 40%

18.8 Income Taxes

Provisions made for Income Tax during the year

(₹ in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Current income tax expense	13,379.12	23,009.69	**22,439.16**
Deferred income tax credit	(57,435.25)	(16,612.30)	**(2,726.00)**
TOTAL	**(44,056.13)**	**6,397.39**	**19,713.16**

18.9 ***Staff retirement benefits*** The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the Group's financial statements as of March 31, 2020, March 31, 2019 and March 31, 2018:

Changes in present value of Obligations

(₹ in million)

	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Present Value of Obligation at the beginning of the year	1,464.09	1,155.37	902.92
Interest Cost	103.41	87.56	61.85
Current Service Cost	376.36	279.03	262.64
Past Service Cost	-	-	0.41
Benefits Paid	(154.86)	(83.96)	(108.47)
Actuarial (gain)/loss on Obligation	(204.80)	26.07	36.01
Present Value of Obligation at the end of the year	1,584.20	1,464.09	1,155.37

Changes in the fair value of plan assets:

(₹ in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Fair value of plan assets at the beginning of the year	1,125.60	1,155.29	885.95
Adjustment to Opening Balance	-	-	4.25
Expected return on plan assets	79.17	80.78	61.93
Contributions	200.00	-	321.34
Benefits paid	(154.86)	(83.96)	(108.47)
Actuarial gain/(loss) on plan assets	(27.02)	(26.51)	(9.71)
Fair value of plan assets at the end of the period	1,222.89	**1,125.60**	1,155.29

The Group has entire contribution of Gratuity Fund as Investments with Insurance Companies which are invested primarily in debt instruments as approved by IRDA.

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations

Net gratuity cost for the year ended March 31, 2020 and March 31, 2019 comprises the following components:

(₹ in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Service Cost	376.36	279.03	262.64
Interest Cost	103.41	87.55	61.85
Expected Return on plan assets	(79.17)	(80.78)	(61.93)
Net Actuarial gain recognized in the year	(177.78)	52.59	45.72
Past Service Cost	-	0.09	0.41
Expenses recognized	222.82	338.48	307.14

Experience History:

(₹ in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
(Gain)/Loss on obligation due to change in assumption	(252.08)	57.48	(70.88)	48.37	15.18
Experience (Gain)/Loss on obligation	47.97	(31.99)	113.80	32.76	(5.99)
Actuarial Gain/(Loss) on plan assets	(27.02)	(26.51)	(5.21)	8.46	(18.68)

The assumptions used in accounting for the gratuity plan are set out below:

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount Rate	**5.47%~6.60%**	**7.05%~7.55%**	**7.4%~7.60%**
Expected Return on Plan Assets	**8.00%**	**7.00%**	**7.00%~8.00%**
Mortality	IALM (2012-14) Ult	IALM (2006-08) Ult	IALM (2006-08) Ult
Future Salary Increases	**9%~10.00%**	**10%~12.00%**	**12.00%**
Disability			**-**
Attrition	10%-34%	8%-27%	6%-25%
Retirement	**60 yrs**	**60 yrs**	**60 yrs**

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

Position of plan asset / liability

(₹ in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Fair value of plan assets at the end of the period	1,222.89	1,125.60	1,155.29
Present Value of Obligation at the end of the year	1,584.20	1,464.09	1,155.38
Plan asset / (liability)	**(361.31)**	**(338.49)**	(0.09)

The Group is yet to determine future contribution to Gratuity fund for Financial Year 2020-21

National Pension Scheme

The Group has contributed ₹ 26.69 million for the year ended March 31, 2020 (March 31, 2019: ₹20.82 million) (March 31, 2018: ₹15.22) to NPS for employees who had opted for the scheme. The Group has no liability for future fund benefits other than its annual contribution for the employees who agree to contribute to the scheme.

Provident Fund (PF)

The Group has recognised in the profit and loss account ₹ 1,069.79 million for the year ended March 31, 2020 (March 31, 2019: ₹ 823.71 million) (March 31, 2018: ₹ 730.44 million) towards contribution to the provident fund.

Compensated absence

The Group has recognised ₹ 170.40 million in the profit and loss account for the year ended March 31, 2020 (March 31, 2019: ₹ 174.07 million) (March 31, 2018: ₹ 53.85 million) towards compensated absences.

18.10 Segment Results

Pursuant to the guidelines issued by RBI on AS-17 (Segment Reporting) - Enhancement of Disclosures dated April 18, 2007, effective from period ending March 31, 2008, the following business segments have been reported.

- **Treasury:** Includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilisation from other banks and financial institutions.
- **Corporate / Wholesale Banking:** Includes lending, deposit taking and other services offered to corporate customers.

- **Retail Banking:** Includes lending, deposit taking and other services offered to retail customers.
- **Other Banking Operations:** Includes para banking activities like third party product distribution, merchant banking etc.

Segmental results for the year ended March 31, 2020 are set out below:

(₹ in million)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	118,905.25	170,401.49	59,161.77	2,977.86	**351,446.36**
Less: Inter-segment					(55,515.21)
Revenue net of inter-segment					295,931.16
Result	(15,056.17)	(244,883.17)	(10,469.90)	(450.87)	**(270,860.56)**
Unallocated Expenses					(21,671.86)
Operating Profit					(292,531.93)
Income Taxes					(65,236.68)
Extra-ordinary Profit/(Loss)					62,969.45
Net Profit					**(164,325.80)**
Other Information:					
Segment assets	718,964.42	1,258,777.91	503,345.05	1,773.61	**2,482,860.98**
Unallocated assets					95,460.66
Total assets					**2,578,321.64**
Segment liabilities	1,317,079.06	478,934.16	547,960.39	1,958.42	**2,345,931.98**
Unallocated liabilities					232,389.66
Total liabilities					**2,578,321.64**

Other banking operations includes income from bancassurance business ₹ 836.40 million during year ended March 31, 2020.

Segmental results for the year ended March 31, 2019 are set out below:

(₹ in million)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	104,539.78	222,612.45	45,658.71	2,936.72	375,747.65
Less: Inter-segment					(32,759.28)
Revenue net of inter-segment					342,988.37
Result	35,460.35	14,183.39	(4,524.82)	884.69	46,003.61
Unallocated Expenses					(22,513.56)
Operating Profit					23,490.05
Income Taxes					6,397.39
Extra-ordinary Profit/(Loss)					-
Net Profit					**17,092.66**
Other Information:					
Segment assets	1,302,564.99	1,979,830.69	486,554.09	2,939.84	3,771,889.61
Unallocated assets					36,706.48
Total assets					3,808,596.10

Segment liabilities	1,081,751.87	1,411,265.34	947,394.05	2,112.79	3,442,524.05
Unallocated liabilities					366,072.04
Total liabilities					3,808,596.10

Other banking operations includes income from bancassurance business ₹ 868.16 million during year ended March 31, 2019.

Segmental results for the year ended March 31, 2018 are set out below:

(₹ in millions)

Business Segments	**Treasury**	**Corporate / Wholesale Banking**	**Retail Banking**	**Other Banking Operations**	**Total**
Segment Revenue	65,927.05	166,354.92	29,728.16	2,662.90	264,673.03
Add/ (Less): Inter-segment					(9,044.10)
Revenue net of inter- segment					255,628.93
Result	29,460.99	54,753.48	(5,907.63)	1,223.37	79,530.21
Unallocated Expenses					(17,484.85)
Operating Profit					62,045.36
Income Taxes					19,713.16
Extra-ordinary Profit/(Loss)					-
Net Profit					42,332.20
Other Information:					
Segment assets	1,022,128.60	1,714,497.01	371,370.33	1,411.15	3,109,407.09
Unallocated assets					15,089.45
Total assets					**3,124,496.54**
Segment liabilities	751,075.32	1,261,035.68	750,850.50	5,311.04	2,768,272.54
Unallocated liabilities					356,224.00
Total liabilities					**3,124,496.54**

Other banking operations includes income from bancassurance business ₹ 767.80 million during year ended March 31, 2018.

Notes for segment reporting:

1. *The business of the Bank is concentrated largely in India. Accordingly, geographical segment results have not been reported in accordance with AS-17 (Segment Reporting).*
2. *In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.*
3. *Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.*
4. *The unallocated assets Includes tax paid in advance/tax deducted at source and deferred tax asset.*
5. *The unallocated liabilities include Share Capital, Reserves & Surplus and Tier 1 bond borrowings.*
6. *Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.*

18.11 Related Party Disclosures

The Bank has transactions with its related parties comprising of investing party, key management personnel and the relative of key management personnel

As per AS 18 "Related Party Disclosures", notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, the Bank's related parties for the year ended March 31, 2020 are disclosed below:

Individuals having significant influence:

- Mr. Ravneet Gill, Managing Director & CEO (till March 05, 2020)
- Mr. Prashant Kumar, Administrator - Appointed by the Reserve Bank of India, (from March 06, 2020 till March 25, 2020)
- Mr. Prashant Kumar, Managing Director & CEO (from March 26, 2020)

Investing Company

Investing party - State Bank of India Limited (SBI)

Key Management Personnel ('KMP') (Whole time Director)

- Mr. Ravneet Gill, Managing Director & CEO (till March 05, 2020)
- Mr. Prashant Kumar, Administrator - Appointed by the Reserve Bank of India, (from March 06, 2020 till March 25, 2020)
- Mr. Prashant Kumar, Managing Director & CEO (from March 26, 2020)

The following represents the significant transactions between the Group and such related parties including relatives of above mentioned KMP during the year ended March 31, 2020:

(₹ in million)

Items / Related Party Category	Investing Party	Maximum Balance during the year	Whole time directors / individual having significant influence	Maximum Balance during the year	Relatives of whole time directors / individual having significant influence	Maximum Balance during the year	Enterprise where relative of whole time director having significant influence
Deposits	#	#	-	12.65			
Investment	#	#					
Interest received	#						
Interest paid	#		0.31				
Receivable	#						
Payable	#						
Funded/Non Funded Exposure taken	#						

* *Represents outstanding as of March 31, 2020*

As per RBI Circular, where there is only one entity in any category of related party, disclosure pertaining to that related party other than the relationship with that related party

*Represents outstanding as of March 31, 2020

1 As per Accounting Standard 18 - Related Party Disclosure, State Bank of India Limited (SBI) is an investing company for YES Bank Limited and YES BANK is associate of SBI

During the year ended March 31, 2020, the Bank has contributed ₹ 405.42 million (previous year ₹ 537.86 million) to YES Foundation. YES Foundation is an independent public charitable trust which undertakes social charitable activities. YES Foundation does not qualify as Related Party, as defined under the Accounting Standard 18 - Related Party Disclosure and RBI guidelines.

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2019:

(₹ in million)

Items / Related Party Category	**Whole time directors / individual having significant influence**	**Maximum Balance during the year**	**Relatives of whole time directors / individual having significant influence**	**Maximum Balance during the year**	**Enterprise where relative of whole time director having significant influence**
Deposits	3.06*	15.62			
Interest paid	0.52				
Receiving of services					5.46
Dividend paid	270.00				

* *Represents outstanding as of March 31, 2019*

During the year ended March 31, 2019, the Bank has contributed ₹ 537.86 million (previous year ₹ 452.13 million) to YES Foundation. YES Foundation is an independent public charitable trust which undertakes social charitable activities. YES Foundation does not qualify as Related Party, as defined under the Accounting Standard 18 - Related Party Disclosure and RBI guidelines.

As per AS 18 "Related Party Disclosures", notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, the Group's related parties for the year ended March 31, 2018 are disclosed below:

Individuals having significant influence:

- Mr. Rana Kapoor, Managing Director & CEO

Key Management Personnel ('KMP') (Whole time Director)

- Mr. Rana Kapoor, Managing Director & CEO

Related party to key management personnel

- Late Mrs. Sheela Kapoor
- Mrs. Raakhe Kapoor Tandon (transaction till March 31, 2017)

The following represents the significant transactions between the Group and such related parties including relatives of above mentioned KMP during the year ended March 31, 2018:

(₹ in millions)

Items / Related Party Category	Whole time directors / individual having significant influence	Maximum Balance during the year	Relatives of whole time directors / individual having significant influence	Maximum Balance during the year	Enterprise where relative of whole time director having significant influence
Deposits	#	#	#	#	**6.02**
Interest paid	#		#		
Receiving of Services	#				
Dividend paid	#		-		

* *Represents outstanding as of March 31, 2018*

 # In Financial Year 2017-18 there was only one related party in the said category, hence the Group has not disclosed the details of transactions in accordance with circular issued by the RBI on March 29, 2003 "Guidance on compliance with the accounting standards by banks".

18.12 Operating Leases

Lease payments recognized in the profit and loss account for the year ended March 31, 2020 was ₹3,940.53 million (Previous year Rs 3,651.58 million, FY 2018 Rs 4,067.79 million). During the year ended March 31, 2020, the Group had paid minimum lease payment ₹ 3,819.65 million (Previous year Rs 3,661.08 million, FY 2018 Rs 3,723.92 million).

The following table sets forth, for the period indicated, the details of future rentals payment on operating leases:

(₹ in million)

Lease obligations	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Not later than one year	3,370.46	3,501.92	3,711.47
Later than one year and not later than five years	10,123.52	9,817.78	14,691.30
Later than five years	13,749.82	12,418.84	16,627.33
TOTAL	**27,243.80**	**25,738.54**	**35,030.10**

The Group does not have any provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

18.13 *Earnings Per Share ('EPS')*

The Group reports basic and diluted earnings per equity share in accordance with Accounting Standard (AS) 20, "Earnings Per Share". The dilutive impact is mainly due to stock options granted to employees by the Bank.

The computation of earnings per share is given below:

(₹ in million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
Basic (annualised)			
Weighted average no. of equity shares outstanding	2,928,382,648	2,309,296,728	**2,292,768,279**
Net profit / (loss) (₹)	(164,325.80)	17,092.66	**42,332.20**
Basic earnings per share (₹)	(56.11)	7.40	**18.46**
Diluted (annualised)			
Weighted average no. of equity shares outstanding	2,928,411,435	2,331,418,688	**2,339,752,831**
Net profit / (loss) (₹)	(164,325.80)	17,092.66	**42,332.20**
Diluted earnings per share (₹)	(56.11)	7.33	**18.09**
Nominal value per share (₹)	2	2	**2**

The difference between weighted average number of equity shares outstanding between basic and diluted in the above mentioned disclosure is on account of outstanding ESOPs.

Basic earnings per equity share has been computed by dividing net profit for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share has been computed by dividing the net profit for the year attributable to the equity shareholders by the weighted average number of equity shares and dilutive potential equity shares options outstanding during the year, except where the results are anti-dilutive. The dilutive impact is on account of stock options granted to employees by the Bank. There is no impact of dilution on the profits in the current year and previous year.

18.14 *ESOP disclosures*

Statutory Disclosures Regarding Joining Stock Option Scheme:

The Group has Five Employee Stock Option Schemes viz.

- Joining Employee Stock Option Plan II (JESOP II),
- Joining Employee Stock Option Plan III (JESOP III),
- YBL ESOP (consisting of two sub schemes JESOP IV/PESOP I)
- YBL JESOP V/PESOP II (Consisting of three sub schemes JESOP V/ PESOP II/PESOP II -2010).
- YBL Employee Stock Option Scheme, 2018 (YBL ESOS 2018) [Consisting of YBL Joining Employee Stock Option Plan, 2018 (JESOP 2018); YBL Performance Employee Stock Option Plan, 2018 (PESOP 2018); and YBL MD&CEO (New) Stock Option Plan, 2019 (MD&CEO Plan 2019)]

Effective from June 13, 2018, all new options have been granted under the YBL ESOS 2018 (which inter-alia consists of JESOP 2018, PESOP 2018 and MD & CEO Plan 2019). The YBL ESOS 2018 and plans formulated thereunder are in compliance with the SEBI (Share Based Employees Benefits) Regulations, 2014 as amended from time to time. Source of shares are primary in nature, since the Bank has been issuing new equity shares upon exercise of options

JESOP II and JESOP III were in force for employees joining the Bank up to March 31, 2006 and March 31, 2007 respectively. Grants under PESOP II had been discontinued w.e.f. January 20, 2010. Grants under JESOP IV/PESOP I and JESOP V/ PESOP II -2010 had been discontinued w.e.f. June 12, 2018 pursuant to coming into effect of YBL ESOS 2018. However, any options already granted under the abovementioned plans would be valid in accordance with the terms & conditions mentioned in the plans

In accordance with the various Employee Stock Option Plans/ Schemes of the Bank as mentioned above, the Employees can exercise the options granted to them from time to time:

JESOP/PESOP	ESOP Scheme	Exercise period
JESOP	JESOP II	50% after 3 years and balance after 5 years from the Grant date
	JESOP III	50% after 3 years and balance after 5 years from the Grant date
	JESOP IV	50% after 3 years and balance after 5 years from the Grant date
	JESOP V	50% after 3 years and balance after 5 years from the Grant date
	MD&CEO Plan 2019	20%, 30% & 50% each year, from end of 1st year from the Grant date
PESOP	PESOP I	25% after each year from the Grant date
	PESOP II	30%, 30% & 40% after each year from the Grant date
	PESOP II – 2010	30%, 30% & 40% each year, from end of 3rd year from the Grant date
	JESOP 2018	50% after 3 years and balance after 5 years from the Grant date
	PESOP 2018	30%, 30% & 40% each year, from end of 3rd year from the Grant date
	PESOP 2019	30%, 30% & 40% each year, from end of 3rd year from the Grant date

Options under all the aforesaid plans are granted for a term of 10 years (inclusive of the vesting period) and are settled with equity shares being allotted to the beneficiary upon exercise.

A summary of the status of the group's stock option plans as on March 31, 2019, March 31, 2018 and March 31, 2018 is set out below:

	As at March 31, 2020	
	PESOP	**JESOP**
Options outstanding at the beginning of the year	35,019,115	18,254,826
Granted during the year	18,032,000	2,025,000
Exercised during the year	4,037,675	346,499
Forfeited / lapsed during the year	12,316,650	5,419,275
Options outstanding at the end of the year	36,696,790	14,514,052
Options exercisable	16,388,915	6,650,302
Weighted average exercise price (₹)	63.56	80.52
Weighted average remaining contractual life of outstanding option (yrs)	2.39	1.77

	As at March 31, 2019	
	PESOP	**JESOP**
Options outstanding at the beginning of the year	46,257,335	15,963,100
Granted during the year	365,000	5,940,000
Exercised during the year	9,265,020	2,800,774
Forfeited / lapsed during the year	2,338,200	847,500
Options outstanding at the end of the year	35,019,115	18,254,826
Options exercisable	18,701,265	3,901,451

	As at March 31, 2019	
	PESOP	JESOP
Weighted average exercise price (₹)	70.84	106.08
Weighted average remaining contractual life of outstanding option (yrs)	1.50	1.86

	As at March 31, 2018	
	PESOP	JESOP
Options outstanding at the beginning of the year	64,802,165	20,614,950
Granted during the year	3,847,500	1,697,500
Exercised during the year	15,590,830	4,947,350
Forfeited / lapsed during the year	6,801,500	1,402,000
Options outstanding at the end of the year	46,257,335	15,963,100
Options exercisable	18,413,585	2,277,350
Weighted average exercise price (₹)	64.76	74.59
Weighted average remaining contractual life of outstanding option (yrs)	1.78	1.82

The group has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2020 and March 31, 2019. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit after tax would have been lower by ₹ 505.40 million (March 31, 2019: ₹ 375.18 million) (March 31, 2018: ₹ 414.98 million), the basic earnings per share would have been ₹ (56.29) (March 31, 2019: ₹ 7.24) (March 31, 2018: ₹ 18.28) per share instead of ₹ (56.11) (March 31, 2019: ₹ 7.40) (March 31, 2018: ₹ 18.46) per share; and diluted earnings per share would have been ₹ (56.29) (March 31, 2019: ₹ 7.17) (March 31, 2018: ₹ 17.92) per share instead of ₹ (56.11) (March 31, 2019: ₹ 7.33) (March 31, 2018: ₹ 18.09) per share.

The following assumptions have been made for computation of the fair value of ESOP granted for the year ended March 31, 2020, March 31, 2019 and March 31, 2018.

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Risk free interest rate	6.29%-9.23%	6.29%-9.23%	6.29%-9.23%
Expected life	1.5 yrs - 7.5 yrs	1.5 yrs - 7.5 yrs	1.5 yrs - 7.5 yrs
Expected volatility	25.01%-48.72%	25.01%-48.72%	25.01%-48.72%
Expected dividends	1.10%	1.20%	1.20%

In computing the above information, certain estimates and assumptions have been made by the Management.

18.15 Deferred Taxation

The deferred tax asset of ₹ 82,809.96 million as at March 31, 2020, ₹ 25,374.71 million as at March 31, 2019 and ₹ 8,762.42 millions as at March 31, 2018, is included under other assets and the corresponding credits have been taken to the profit and loss account.

The components that give rise to the deferred tax asset included in the balance sheet are as follows:

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Deferred tax asset			
Depreciation	585.78	597.38	418.59
Provision for gratuity and unutilized leave	322.73	395.53	213.48
Provision for Non Performing Assets	60,164.53	9,779.42	2,930.53
Amortization of premium on HTM securities	132.39	1,035.72	1,025.76
Provision for standard advances	3,123.15	11,119.17	3,220.59
Other Provisions	18,481.38	2,447.48	953.47
Deferred tax asset	**82,809.96**	**25,374.70**	**8,762.42**

The Group has a total deferred tax asset of ₹ 82,809.96 million as at March 31, 2020. During the year ended March 31, 2020, the Bank has made loss of ₹ 164,180.31 million, however it had taxable profit in the year ended March 31, 2020. The Bank believes that the stress is temporary in nature and would be rectified through infusion of fresh capital and the liquidity initiative measures being undertaken. Based on detailed financial projections approved by the Board, including plan for raising of deposits and other sources of funds for the next 3 years, the Bank is satisfied that with the proposed capital infusion and the Bank's strong customer base and branch network the Bank is expected to have sufficient future taxable income to utilise the said deferred tax assets. The Bank as a result continues to carry such deferred tax asset in its Balance Sheet, as there is reasonable certainty of its realization as specified in Accounting Standard 22 (Accounting for Taxes on Income).

During the quarter ended September 30, 2019, the Bank had elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Bank had recognised Provision for Income Tax and re-measured its deferred tax assets basis the rate prescribed in the aforesaid section and recognized the effect of this change by revising the annual effective income tax rate. The rate of income tax is changed from 34.944% to 25.168%. The re-measurement of accumulated deferred tax asset had resulted in a one-time additional charge of ₹ 7,086.10 million.

18.16 Provisions and Contingencies

The breakup of provisions of the Group for the year ended March 31, 2020, March 31, 2019 and March 31, 2018 are given below:

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Provision for taxation	(44,056.13)	6,397.39	19,713.16
Provision for investments	64,415.77	6,824.89	2,599.44
Provision for standard advances	(19,410.78)	22,514.06	1,687.43
Provision made/write off for non performing advances	278,060.36	25,669.54	10,792.64
Others Provisions*	4,115.69	2,768.12	462.88
TOTAL	**283,124.91**	**64,172.99**	**35,255.55**

** Other Provisions includes provision made against other assets.*

18.17 Dues to Micro and Small Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been ` 655.70 million (March 31, 2019 ₹ 437.40 million) (March 31, 2018 Nil) worth bills which were paid with delays to micro and small enterprises. There have been ₹ 19.72 million worth bills remained unpaid as at March 31, 2020. There have been no demand of interest on these payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

18.18 Provision for Long Term contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

18.19 Disclosure on Complaints-

The Bank became aware in September 2018 through communications from stock exchanges of anonymous whistleblower complaints alleging irregularities in the Bank's operations, potential conflict of interest of the founder and former MD & CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which was carried out by management and supervised by the Board of Directors. The enquiry resulted in a report that was reviewed by the Board in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. In April 2019, the Bank had received the phase 1 report from the external firm and based on further review/ deliberations had directed a phase 2 investigation from the said firm. Further, during the quarter ended December 31, 2019, the Bank received forensic reports on certain borrower groups commissioned by other consortium bankers, which give more information regarding the above mentioned allegations. The Bank at the direction of its Nomination and Remuneration Committee (NRC) obtained an independent legal opinion with respect to these matters. In February 2020, the Bank has received the final phase 2 report from the said external firm. Meanwhile, in March 2020, the Enforcement Directorate has launched an investigation into some aspects of transactions of the founder and former MD & CEO and alleged links with certain borrower groups. The ED is investigating allegations of money laundering, fraud and nexus between the founder and former MD & CEO and certain loan transactions. The Bank is in the process of evaluating all of the above reports and concluding if any of the findings have a material impact on financial statements/ processes and require further investigation. The Bank has taken this report with the newly constituted Audit Committee and Board and is awaiting further guidance and recommendation.

During the year ended March 31, 2020, the Bank had received various whistleblower complaints against the Banks management, former MD & CEO and certain members of the Board of Directors prior to being superseded by RBI. The NRC, basis investigations conducted by the management has, post its review, concluded that they have no material impact on financial statements.

In January 2020, the then Chairman of the Audit Committee of the Bank highlighted certain concerns around corporate governance and other operational matters at the Bank. The then Board decided to get this investigated by an independent external firm. A preliminary report has been received by the Board. While most of the allegations are unsubstantiated, the Board has requested the external firm for detailed recommendations highlighting areas where corporate governance can be further strengthened.

18.20 *Additional disclosure*

Additional statutory information disclosed in the separate financial statements of the Bank and subsidiaries having no material bearing on the true and fair view of the consolidated financial statements and the information pertaining to the items which are not material have not been disclosed in the restated consolidated financial statement.

18.20.1 *Credit / Debit card reward points*

Provision for credit card and debit card reward points for the year ended March 31, 2020

(₹ in million)

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Opening provision	233.67	112.12
Provision made during the year	166.98	180.73
Utilised/Write-back of provision	(57.79)	(59.18)
Closing provision	342.86	233.67

The valuation of credit card and debit card reward points is based on actuarial valuation method obtained from an independent actuary.

18.20.2 *Corporate Social Responsibility (CSR)*

a) Amount required to be spent by the Bank on CSR during the year ₹ 831.9 million (March 31, 2019 ₹ 955.8 million) (March 31, 2018 ₹ 772.2 million).

b) Amount spent towards CSR during the year and recognised as expense in the Profit and Loss account on CSR related activities is ₹ 405.42 million (March 31, 2019 ₹ 537.86 million) (March 31, 2018 ₹ 452.13 million), which comprise of following –

(₹ in million)	**March 31, 2020**		
	In cash	**Amt. unpaid / provision**	**Total**
Construction/acquisition of any asset	-	-	-
On purposes other than (i) above	211.12	194.30	405.42

(₹ in million)	**March, 31 2019**		
	In cash	**Amt. unpaid / provision**	**Total**
Construction/acquisition of any asset	-	-	-
On purposes other than (i) above	470.78	67.08	537.86

(₹ in million)	March 31, 2018		
	In cash	Amt. unpaid / provision	Total
Construction/acquisition of any asset	-	-	-
On purposes other than (i) above	397.89	54.24	452.13

18.20.3 Un-hedged / uncovered foreign currency exposure of the Group

The Group's foreign currency exposures as at March 31, 2019 that are not hedged/covered by either derivative instruments or otherwise are within the Net Overnight Open Position limit (NOOP) and the Aggregate Gap limit, as approved by the RBI. NOOP is ₹ 5,561.32 million as at March 31, 2020 (March 31, 2019 ₹ 2,206.32 million and March 31, 2018 ₹ 1,354.82 million).

18.20.4 Investor Education and Protection Fund

The unclaimed dividend amount due to be transferred to the Investor Education and Protection Fund (IEPF) during the year ended March 31, 2020 has been transferred without any delay.

18.21 Description of contingent liabilities

Sr. No.	*Contingent Liabilities*	*Brief*
1.	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts.	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the Bank is contingently liable	Purchase of securities pending settlement, capital commitments, amount deposited with RBI under Depositor Education Awareness Fund (DEAF), bill re-discounting, Foreign Exchange Contracts (Tom & Spot)
5	PF Liability	In February 2019, the honorable Supreme Court of India in its judgment clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). The Bank has been legally advised that there are interpretative challenges on the application of judgment retrospectively and as such does not consider there is any probable obligations for past periods. Due to imperative challenges, the Bank has not disclosed contingent liability amount for past liability.

Refer Schedule 12 for amounts relating to contingent liability

Prior period comparatives

Previous year's figures have been regrouped where necessary to conform to current year classification.

For B S R & Co. LLP *Chartered Accountants* **Firm's Registration No: 101248W/W-100022**	**For and on behalf of the Board of Directors** **YES BANK Limited**		
Venkataraman Vishwanath	**Prashant Kumar**	**Anurag Adlakha**	**Shivanand R Shettigar**
Partner	*Managing Director & CEO*	*Group Chief Financial Officer*	*Group Company Secretary*
Membership No: 113156	*(DIN: 07562475)*		

Mumbai
July 03, 2020

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Independent Auditor's Examination Report on Restated Standalone Financial Information in connection with proposed further public offering of equity shares (the "Equity Shares") by YES Bank Limited (the "Bank") (the "Issue")

The Board of Directors
YES Bank Limited
YES BANK Tower; IFC 2, 15th Floor
Senapati Bapat Marg, Elphinstone (W)
Mumbai 400 013

3 July 2020

Dear Sirs

1. We have examined the attached Restated Standalone Financial Information of YES Bank Limited (the "Bank" or the "Issuer")), comprising the Restated Standalone Balance Sheet as at 31 March 2020, 31 March 2019 and 31 March 2018, the Restated Standalone Profit and Loss Account and the Restated Standalone Cash Flow Statement for the years ended 31 March 2020, 31 March 2019 and 31 March 2018, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively the "Restated Standalone Financial Information"), as approved by the Board of Directors at their meeting held on 3 July 2020 for the purpose of inclusion in the Red Herring Prospectus (the "RHP") / the Prospectus prepared by the Bank in connection with its proposed Further Public Offering of equity shares (the "FPO") prepared in terms of the requirements of:

   a. section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");

   b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

   c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

Management's Responsibility

2. The preparation of Restated Standalone Financial Information is the responsibility of the Board of Directors of the Bank for the purpose of inclusion in the RHP / Prospectus to be filed with Securities and Exchange Board of India ("SEBI"), relevant stock exchanges and Registrar of Companies, Maharashtra in connection with the proposed FPO. The Restated Standalone Financial Information have been prepared by the management of the Bank on the basis of preparation stated in note 18.2 to the Restated Standalone Financial Information. The Board of Directors of the Bank are responsible for designing, implementing and maintaining adequate

Management's Responsibility *(Continued)*

internal control relevant to the preparation and presentation of Restated Standalone Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Bank complies with the Act, ICDR Regulations and the Guidance Note.

Auditor's Responsibility

3. We have examined such Restated Standalone Financial Information taking into consideration:

   a. the terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 16 June 2020 in connection with the Issue;

   b. the Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c. concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Standalone Financial Information; and

   d. the requirements of Section 26 of the Act and the ICDR regulations.

   Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR regulations and the Guidance Note in connection with the FPO.

   We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control of Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

4. These Restated Standalone Financial Information have compiled by management from the audited standalone financial statements of the Bank as at and for the years ended 31 March 2020, 31 March 2019, 31 March 2018, prepared in accordance with the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949 , which have been approved by Board of Directors at their meeting held on 6 May 2020, 26 April 2019 and 26 April 2018 respectively. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

5. The audit report on the standalone financial statements issued by us was modified and included the following matters giving rise to modifications to the auditor's report on the financial statements as at and for the year ended 31 March 2020:

   a. that during the year ended 31 March 2020, the Bank has breached the regulatory requirements of RBI regarding maintaining the minimum CET I and Tier 1 capital ratios which indicates the position of capital adequacy of a bank. The breach is primarily on account of the increase in the provision for advances during the year ended 31 March 2020 as the Bank has decided, on a prudent basis, to enhance its Provision Coverage Ratio on its non-performing asset (NPA) loans over and above minimum RBI loan level provisioning. Inspite of the write back of the AT 1 bonds on 14 March 2020 there is a

Auditor's Responsibility *(Continued)*

breach of Tier 1 capital ratio as at 31 March 2020. The CET I ratio and the Tier I capital ratio for the Bank as at 31 March 2020 stood at 6.3%.and 6.5 % as compared to the minimum requirements of 7.375% and 8.875% respectively. This implies that the Bank will have to take effective steps to augment its capital base in the year 2020-21. Further, in view of the RBI norms relating to the breach of the aforesaid ratio, there is uncertainty around RBI's potential action for such a breach. We are unable to comment on the consequential impact of the above regulatory breach on these standalone financial statements.

b. that the Bank became aware in September 2018 through communications from stock exchanges of an anonymous whistle-blower complaint alleging irregularities in the Bank's operations, potential conflicts of interests in relation to the former MD and CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which resulted in a report that was reviewed by the Board of Directors in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. During the year ended 31 March 2020, the Bank identified certain further matters which arose from other independent investigations initiated by the lead banker of a consortium on the companies allegedly favoured by the former MD and CEO. In March 2020, the Enforcement Directorate has launched an investigation into some aspects of dealings and transactions by the former MD and CEO basis draft forensic reports from external agencies which further pointed out to conflict of interest between the former MD and CEO and certain companies and arrested him. In view of the fact that these enquiries and investigations are still ongoing, we are unable to comment on the consequential impact of the above matter on these standalone financial statements

6. The audit report on the standalone financial statements issued by us also included a material uncertainty related to going concern as at 31 March 2020 as follows:

- We draw attention to Note 18.3 of the Standalone Financial Statements, which indicates that the Bank has incurred a loss of Rs. 16,418 crores for the year ended 31 March 2020. Particularly during the last six months, there has also been a significant decline in the Bank's deposit base, an increase in their NPA ratios resulting in breach of loan covenants on its foreign currency debt and credit rating downgrades resulting in partial prepayment of foreign currency debt linked to external credit rating. The Bank has also breached minimum Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio requirements of RBI during the year and has provided an amount of Rs.334 crores for the expected penalty on the SLR breach. The Bank has also breached the RBI mandated CET1 ratio and Tier 1 capital ratio which stood at 6.3%.and 6.5% as compared to the minimum requirements of 7.375% and 8.875% respectively. This requires the Bank to take effective steps to augment its capital base in the year 2020-21. The breach of the CET1 and Tier 1 requirements was also impacted by the decision of the Bank to enhance its Provision Coverage Ratio, on a prudent basis, on its NPA loans over and above RBI's minimum loan provisioning norms. Further, on 5 March 2020, the Central Government, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 for a period of 30 days effective 5 March 2020. The RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on 5 March 2020. The above indicators of financial stress and actions taken by the RBI resulted in a significant withdrawal of deposits. On 13 March 2020, the Government of India notified the Yes Bank Limited Reconstruction Scheme 2020 ('the Scheme') [notified by the Central Government, in exercise of the powers conferred by sub section (4) and subsection 7 of section 45 of the Banking Regulation Act, 1949].

Auditor's Responsibility *(Continued)*

Under this Scheme the authorized share capital of the Bank was increased to Rs.6,200 crores. The Bank has received capital from investors amounting to Rs.10,000 crores on 14 March 2020. The State Bank of India (SBI) and other banks and financial institutions invested in the Bank at a price of Rs.10 per equity share of the Bank (Rs.2 face value with a Rs.8 premium). SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in the Bank are also subject to a lock in for 75% of their holding as per this Scheme. A new Board of Directors, CEO and MD and Non Executive Chairman have also been appointed pursuant to the Scheme. In addition, the moratorium imposed on the Bank on 5 March 2020 was vacated on 18 March 2020 as per the Scheme. RBI has also granted short-term funding to the Bank for the period of 90 days. The Bank has submitted a proposal seeking extension for a period of one year. The draft reconstruction scheme proposed on 6 March 2020 had also envisaged that the Bank would be able to write back Additional Tier 1 (AT1) securities amounting to Rs.8,695 crores to equity. However, the final Scheme issued by the Government of India on 13 March 2020 does not contain any reference to the write back of the AT1 securities. Based on the legal advice on the contractual terms of the AT 1 bonds, the Bank has fully written back AT 1 bonds aggregating to Rs. 8,415 crores on 14 March 2020. This action by the Bank has been legally challenged through a writ petition in the Hon'ble Bombay High court. In line with the RBI's COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020, the Bank has granted a moratorium of three months on the payment of all instalments and/or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers classified as Standard, even if overdue, as on 29 February 2020.

In the opinion of the Bank, based on the financial projections prepared by the Bank and approved by the Board for the next 3 years, the capital infusion, lines of liquidity provided by RBI and the reconstruction Scheme, the Bank will be able to realize its assets (including its deferred tax asset) and discharge its liabilities in its normal course of business and hence the financial statements have been prepared on a going concern basis. The said assumption of going concern is inter-alia dependent on the Bank's ability to achieve improvements in liquidity, asset quality and solvency ratios and mitigate the impact of Covid-19 and thus a material uncertainty exists that may cast a significant doubt on the Bank's ability to continue as a going concern. However, as stated above, as per management and the Board, there are mitigating factors to such uncertainties including the amount of capital funds that have been raised in March 2020, the nature and financial resources of new investors who have infused funds in the Bank, the new Board of Directors, CEO and MD and part time Chairman appointed as per the Scheme and the extent of regulatory support provided to the Bank by the RBI.

Our conclusion on the Standalone Financial Statements is not modified in respect of this matter.

Auditor's Responsibility *(Continued)*

7. The audit report on the standalone financial statements issued by us also included emphasis of matter as at 31 March 2020 and 31 March 2019 as follows:

   - For the year ended 31 March 2020:

     a) that the Bank has a total deferred tax asset of Rs. 8,281 crores as at 31 March 2020. As per the requirements of AS 22 - Income Taxes, based on the financial projections prepared by the Bank and approved by the Board of directors, the Bank has assessed that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The Bank expects to have a taxable profit for the future years. Our conclusion is not modified in respect of this matter.

     b) the Bank had made an additional provision of Rs. 15,422 crores for the period ended 31 December 2019 on a prudent evaluation of the status of NP As based on discussion with regulator over and above the RBI norms relating to the minimum provision to be made by banks on their loans and advances. The additional provision is judgmental based on the quality and status of specific loans identified by the Bank as at 31 March 2020. We believe that this judgment exercised by the Bank is appropriate. Our conclusion is not modified in respect of this matter.

   - For the year ended 31 March 2020:

     a) the standalone financial statements which describes the ongoing enquiry by the Bank into certain anonymous whistle blower allegations. Our opinion is not modified in respect of this matter

Opinion

8. Based on our examination and according to the information and explanations provided to us, we report that the Restated Standalone Financial Information:

   a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended 31 March 2019 and 31 March 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended 31 March 2020;

   b) do not require any adjustments for the matter(s) giving rise to modifications mentioned in paragraph [5] above

   c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note

9. The Restated Standalone Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited standalone financial statements mentioned in paragraph 4 above.'

10. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should this be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Restrictions of use

12. This report is intended solely for use of the Board of Directors for inclusion in the RHP / the Prospectus to be filed with Securities and Exchange Board of India, stock exchanges where the equity shares are listed and Registrar of Companies, Maharashtra (RoC), as applicable, in connection with the proposed FPO. Our report should not be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Venkataramanan Vishwanath
Partner
Membership No. 113156
UDIN: 20113156AAAADZ5249

Date: 3 July 2020
Place: Mumbai

YES Bank Limited - Restated Financials

Restated Standalone Balance Sheet as at March 31, 2020

(₹ in thousands)

	Schedule	As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2018
CAPITAL AND LIABILITIES				
Capital	*1*	**25,100,944**	4,630,066	4,605,934
Reserves and surplus	*2*	**192,161,992**	264,411,895	252,976,864
Deposits	*3*	**1,053,639,434**	2,276,101,818	2,007,381,476
Borrowings	*4*	**1,137,905,026**	1,084,241,089	748,935,808
Other liabilities and provisions	*5*	**169,461,829**	178,876,786	110,555,951
TOTAL		**2,578,269,225**	**3,808,261,654**	**3,124,456,033**
ASSETS				
Cash and balances with Reserve Bank of India	*6*	**59,436,550**	107,977,369	114,257,489
Balances with banks and money at call and short notice	*7*	**24,393,460**	160,917,748	133,086,175
Investments	*8*	**439,148,259**	895,220,327	683,989,387
Advances	*9*	**1,714,432,943**	2,414,996,024	2,035,338,628
Fixed assets	*10*	**10,090,882**	8,169,955	8,323,917
Other assets	*11*	**330,767,131**	220,980,231	149,460,437
TOTAL		**2,578,269,225**	**3,808,261,654**	**3,124,456,033**
Contingent liabilities	*12*	**4,585,260,892**	6,541,580,198	5,818,296,390
Bills for collection		**51,201,926**	50,592,373	19,355,641
Significant Accounting Policies and Notes to Accounts forming part of Restated financial statements	*18*			

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors
YES BANK Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Anurag Adlakha
Group Chief Financial Officer

Shivanand R. Shettigar
Group Company Secretary

Mumbai
July 3, 2020

YES BANK Limited

Restated Standalone Profit And Loss for the period ended March 31, 2020

(₹ in thousands)

		Schedule	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019	For the year ended Mar 31, 2018
I.	**INCOME**				
	Interest earned	*13*	**260,666,039**	296,247,473	202,674,216
	Other income	*14*	**118,564,938**	45,901,526	52,238,335
	TOTAL		**379,230,977**	**342,148,999**	**254,912,551**
II.	**EXPENDITURE**				
	Interest expended	*15*	**192,613,725**	198,157,160	125,303,624
	Operating expenses	*16*	**67,292,114**	62,642,768	52,127,798
	Provisions and contingencies	*17*	**283,505,448**	64,146,283	35,235,492
	TOTAL		**543,411,287**	**324,946,211**	**212,666,914**
III.	**PROFIT**				
	Net profit for the year		**(164,180,310)**	17,202,788	42,245,637
	Profit brought forward		**107,595,597**	103,753,016	79,333,915
	TOTAL		**(56,584,713)**	**120,955,804**	**121,579,552**
IV.	**APPROPRIATIONS**				
	Transfer to Statutory Reserve		**-**	4,300,697	10,561,409
	Transfer to Capital Reserve		**6,655,507**	1,010,096	659,648
	Transfer to Investment Reserve		**147,226**	6,707	-
	Transfer to Investment Fluctuation Reserve		**-**	539,066	-
	Dividend paid		**4,633,917**	6,223,989	5,488,101
	Tax on Dividend paid		**952,516**	1,279,652	1,117,377
	Balance carried over to balance sheet		**(68,973,879)**	107,595,597	103,753,016
	TOTAL		**(56,584,713)**	**120,955,804**	**121,579,552**
	Significant Accounting Policies and Notes to Accounts forming part of Restated financial statements	*18*			
	Earning per share (Refer Sch. 18.6.39)				
	Basic (₹)		**(56.07)**	7.45	18.43
	Diluted (₹)		**(56.06)**	7.38	18.06
	(Face Value of Equity Share is ₹ 2/-)				

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors
YES BANK Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Anurag Adlakha
Group Chief Financial Officer

Shivanand R. Shettigar
Group Company Secretary

Mumbai
July 3, 2020

YES BANK Limited - Restated Financials
Restated Cash flow statement for the year ended Mar 31, 2020

(₹ in thousands)

		Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Cash flow from Operating Activities				
Net profit before taxes		**(208,259,197)**	**23,573,471**	**61,943,094**
Adjustment for				
Depreciation for the year		3,356,319	3,015,420	2,309,704
Amortization of premium on investments		2,459,276	2,102,585	1,673,308
Provision for investments		64,819,073	6,824,889	2,599,443
Provision for standard advances		(19,410,781)	22,514,059	1,687,427
Provision/write off of non performing advances		278,060,357	25,669,535	10,788,287
Other provisions		4,115,686	2,767,116	397,075
AT1 Write-down		(84,150,000)	-	-
(Profit)/Loss on sale of land, building and other assets		(3,282)	(3,947)	12,892
	(i)	**40,987,451**	**86,463,128**	**81,411,230**
Adjustments for :				
Increase / (Decrease) in Deposits		(1,222,462,384)	268,720,342	578,642,909
Increase/(Decrease) in Other Liabilities		54,542,767	38,016,714	(1,384,431)
(Increase)/Decrease in Investments		241,926,711	(160,198,010)	(104,836,672)
(Increase)/Decrease in Advances		422,502,724	(405,326,931)	(725,187,573)
(Increase)/Decrease in Other assets		(108,247,100)	(48,182,922)	(24,532,910)
	(ii)	**(611,737,282)**	**(306,970,807)**	**(277,298,677)**
Payment of direct taxes	(iii)	(5,655,486)	(26,103,985)	(22,889,711)
Net cash generated from / (used in) operating activities (A) (i+ii+iii)		**(576,405,317)**	**(246,611,664)**	**(218,777,158)**
Cash flow from investing activities				
Purchase of fixed assets		(5,339,514)	(2,912,885)	(3,900,382)
Proceeds from sale of fixed assets		65,547	55,372	89,251
Investment in subsidiaries		(150,000)	(1,185,000)	(555,000)
(Increase) / Decrease in Held To Maturity (HTM) securities		147,017,008	(58,775,403)	(82,552,484)
Net cash generated / (used in) from investing activities (B)		**141,593,041**	**(62,817,916)**	**(86,918,615)**
Cash flow from financing activities				
Increase in Borrowings		141,354,847	313,708,193	241,003,504
Tier II Debt raised		-	30,420,000	70,000,000
Innovative Perpetual Debt (paid)/raised		-	(1,754,400)	54,150,000
Tier II Debt repaid during the year		(4,024,500)	(5,430,400)	(2,489,000)
Proceeds from issue of Share Capital (net of share issue expense)		118,639,176	953,472	1,420,167
Dividend paid during the year		(4,633,917)	(6,223,989)	(5,488,101)
Tax on dividend paid		(952,516)	(1,279,652)	(1,117,377)
Net cash generated from / (used in) financing activities (C)		**250,383,090**	**330,393,224**	**357,479,193**
Effect of exchange fluctuation on translation reserve (D)		(635,925)	587,809	65,803
01-07-20		**(185,065,111)**	**21,551,453**	**51,849,223**

Contd…

YES BANK Limited
Restated Cash flow statement for the year ended Mar 31, 2020
(₹ in thousands)

	Year ended 31-Mar-20	Year ended 31-Mar-19	Year ended 31-Mar-18
Cash and cash equivalents as at April 1st	**268,895,117**	247,343,664	195,494,441
Cash and cash equivalents as at Mar 31st	**83,830,010**	268,895,117	247,343,664
Notes to the Cash flow statement:			
Cash and cash equivalents includes the following			
Cash and Balances with Reserve Bank of India	**59,436,550**	107,977,369	114,257,489
Balances with Banks and Money at Call and Short Notice	**24,393,460**	160,917,748	133,086,175
Cash and cash equivalents as at March 31st	**83,830,010**	**268,895,117**	**247,343,664**

As per our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors
YES BANK Limited

Venkataraman Vishwanath
Partner
Membership No: 113156

Prashant Kumar
Managing Director & CEO
(DIN: 07562475)

Anurag Adlakha
Group Chief Financial Officer

Shivanand R. Shettigar
Group Company Secretary

Mumbai
July 3, 2020

(₹ in thousands)

			As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2018
SCHEDULE 1 - CAPITAL					
	Authorised Capital				
	30,000,000,000 equity shares of ₹ 2/- each		**60,000,000**	6,000,000	6,000,000
	20,000,000 preference shares of ₹ 100/- each		**2,000,000**	2,000,000	2,000,000
	Issued, subscribed and paid-up capital (Refer Sch 18.6.1)				
	12,550,472,231 equity shares of ₹ 2/- each		***25,100,944***	*4,630,066*	*4,605,934*
	(March 31, 2019 : 2,315,033,039 equity shares of ₹ 2/- each)				
	(March 31, 2018 : 2,302,967,245 equity shares of ` 2/- each)				
		TOTAL	**25,100,944**	**4,630,066**	**4,605,934**
SCHEDULE 2 - RESERVES AND SURPLUS					
I.	**Statutory Reserves**				
	Opening balance		**48,934,100**	*44,633,403*	*34,071,994*
	Additions during the year		**-**	*4,300,697*	*10,561,409*
	Deductions during the year		**-**	-	-
	Closing balance		**48,934,100**	**48,934,100**	**44,633,403**
II.	**Share Premium**				
	Opening balance		**100,987,679**	100,058,339	98,679,248
	Additions during the year (Refer Sch 18.6.1)		**99,118,298**	929,340	1,379,091
	Deductions during the year		**950,000**	-	-
	Closing balance		**199,155,977**	**100,987,679**	**100,058,339**
III.	**Capital Reserve**				
	Opening balance		**5,534,577**	4,524,481	3,864,833
	Additions during the year (Refer Sch 18.6.3)		**6,655,507**	1,010,096	659,648
	Deductions during the year		**-**	-	-
	Closing balance		**12,190,084**	**5,534,577**	**4,524,481**
IV.	**Investment Reserve**				
	Opening balance		**232,904**	226,197	226,197
	Additions during the year (Refer Sch 18.6.4)		**147,226**	6,707	-
	Deductions during the year		**-**	-	-
	Closing balance		**380,130**	**232,904**	**226,197**
V	**Foreign Currency Translation Reserve**				
	Opening balance		**613,295**	25,486	(40,317)
	Additions during the year		**(635,925)**	587,809	65,803
	Deductions during the year		**-**	-	-
	Closing balance		**(22,630)**	**613,295**	**25,486**
VI.	**Cash Flow Hedge Reserve**				
	Opening balance		**(25,323)**	(244,057)	(160,135)
	Additions during the year (Refer Sch 18.6.5)		**(15,533)**	218,734	(83,922)
	Deductions during the year		**-**	-	-
	Closing balance		**(40,856)**	**(25,323)**	**(244,057)**
VII.	**Investment Fluctuation Reserve**				
	Opening balance		**539,066**	**-**	**-**
	Additions during the year		**-**	**539,066**	**-**
	Deductions during the year		**-**	**-**	**-**
	Closing balance		**539,066**	**539,066**	**-**
VIII.	**Balance in Profit and Loss Account**		**(68,973,880)**	107,595,597	103,753,016
		TOTAL	**192,161,992**	**264,411,895**	**252,976,864**

YES BANK Limited - Restated Financials

Schedules forming part of Restated Standalone Balance Sheet

(₹ in thousands)

				As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2018
SCHEDULE 3 - DEPOSITS						
A.	**I.**		**Demand Deposits**			
		i)	From Banks	**7,932,044**	17,301,403	14,602,217
		ii)	From Others	**87,061,069**	268,119,467	273,655,030
	II.		**Savings Bank Deposit**	**185,635,246**	467,112,348	443,504,509
	III.		**Term Deposits**			
		i)	From banks	**86,786,217**	184,849,906	112,971,241
		ii)	From others (incl. CD's issued)	**686,224,858**	1,338,718,694	1,162,648,479
			TOTAL	**1,053,639,434**	**2,276,101,818**	**2,007,381,476**
B.	**I.**	**Deposits of branches in India**		**1,053,300,945**	2,274,954,791	2,006,449,601
	II.	**Deposits of branches outside India**		**338,489**	1,147,027	931,875
			TOTAL	**1,053,639,434**	**2,276,101,818**	**2,007,381,476**
SCHEDULE 4 - BORROWINGS						
	I.	**Innovative Perpetual Debt Instruments (IPDI) and Tier II Debt**				
	A.	**Borrowing in India**				
		i)	IPDI	**5,870,000**	90,020,000	91,560,000
		ii)	Tier II Borrowings	**177,759,000**	180,759,000	152,339,000
			TOTAL (A)	**183,629,000**	**270,779,000**	**243,899,000**
	B.	**Borrowings outside India**				
		i)	IPDI	**-**	-	325,875
		ii)	Tier II Borrowings	**5,674,875**	6,215,786	11,172,824
			TOTAL (B)	**5,674,875**	**6,215,786**	**11,498,699**
			TOTAL (A+B)	**189,303,875**	**276,994,786**	**255,397,699**
	II.	**Other Borrowings**				
	A.	**Borrowings in India**				
		i)	Reserve Bank of India	**520,380,000**	-	15,000,000
		ii)	Other banks	**18,350,000**	57,147,925	15,811,399
		iii)	Other institutions and agencies	**278,921,592**	345,669,057	187,167,910
			TOTAL (A)	**817,651,592**	**402,816,982**	**217,979,309**
	B.	**Borrowings outside India**	**TOTAL (B)**	**130,949,559**	**404,429,321**	**275,558,800**
			TOTAL (A+B)	**948,601,151**	**807,246,303**	**493,538,109**
			TOTAL (I+II)	**1,137,905,026**	**1,084,241,089**	**748,935,808**

(1) Secured borrowings are ₹ 524,379,868 thousands (March 31, 2019 : ₹ 4,996,813 thousands)(March 31, 2018 : ` 46,463,203 thousands).

(2) Including ₹ 237,121,724 thousands of refinance borrowing (March 31, 2019: ₹ 302,872,244 thousands)(March 31, 2018: ` 123,216,106 thousands) ₹ 16,450,000 thousands (March 31 2019: ₹ 16,450,000 thousnads)(March 31 2018: ` 16,450,000 thousands) of Green Infrastructure Bonds raised to fund 'Green Projects' and ₹ 21,350,000 thousands (March 31, 2019: ₹ 21,350,000 thousands) (March 31, 2018: ` 21,350,000 thousands) of Long Term Infrastructure Bonds raised to finance affordable housing and infrastructure projects.

(3) Includes bonds of ₹ 36,032,742 thousands (March 31, 2019: ₹32,909,865 thousands) (March 31, 2018: `38,974,842 thousands) of Medium Term Notes issued from International Business Unit (IBU) in GIFT city Gujarat to fund its growth.

(₹ in thousands)

		As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2018
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS				
I.	Bills payable	**2,867,243**	3,913,805	9,151,490
II.	Inter-office adjustments (net)	**-**	-	-
III.	Interest accrued	**22,639,407**	37,455,379	21,932,830
IV.	Others (including provisions)			
	- Provision for standard advances	**12,597,187**	32,007,968	9,493,909
	- Country risk provision	**69,000**	532,784	-
	- Others	**128,339,480**	104,966,850	69,977,722
	- Income Tax Provision	**2,949,512**	-	-
	TOTAL	**169,461,829**	**178,876,786**	**110,555,951**

		As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2018
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA				
I.	Cash in hand	**16,307,411**	6,333,912	6,226,739
II.	Balances with Reserve Bank of India			
	- In current account	**43,129,139**	101,643,457	108,030,750
	- In other account	**-**	-	-
	TOTAL	**59,436,550**	**107,977,369**	**114,257,489**

		As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2018
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE				
I. In India				
Balances with banks-				
i)	In current accounts	**6,091,720**	1,988,954	781,586
ii)	In other deposit accounts	**255,095**	5,089	83
Money at call and short notice				
i)	With Banks	**-**	-	-
ii)	With other institutions	**-**	-	-
iii)	Lending under reverse repo (RBI & Banks)	**13,200,000**	88,310,161	112,009,654
	TOTAL (I)	**19,546,815**	**90,304,204**	**112,791,323**
II. Outside India				
i)	In current account	**4,532,635**	39,148,020	14,494,277
ii)	In other deposit account	**-**	-	-
iii)	Money at call and short notice	**314,010**	31,465,525	5,800,575
	TOTAL (II)	**4,846,645**	**70,613,545**	**20,294,852**
	TOTAL (I+II)	**24,393,460**	**160,917,748**	**133,086,175**

(₹ in thousands)

SCHEDULE 8 - INVESTMENTS (Net of provisions)

			As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2018
A.	Investments in India				
i)	Government Securities		**329,069,163**	553,611,120	488,860,831
ii)	Other approved securities		**-**	-	-
iii)	Shares		**243,865**	429,168	643,782
iv)	Debentures and bonds		**74,399,345**	154,985,441	145,045,609
v)	Subsidiaries and/or joint ventures		**1,986,700**	2,240,000	1,055,000
vi)	Others (CPs, CDs, Security Receipts, Pass through certificates etc)		**31,937,625**	60,825,681	38,030,003
					-
		TOTAL (I)	**437,636,698**	**772,091,410**	**673,635,225**
B.	Investments outside India				
i)	Government Securities		**-**	120,595,843	3,445,612
ii)	Shares		**-**	9,421	-
iii)	Debentures and bonds		**-**	2,523,653	6,908,550
iv)	Others (CPs, CDs, Security Receipts, Pass through certificates etc)		**1,511,561**	-	-
		TOTAL (II)	**1,511,561**	**123,128,917**	**10,354,162**
		TOTAL (I+II)	**439,148,259**	**895,220,327**	**683,989,387**

SCHEDULE 9 - ADVANCES

				As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2018
A.	i)	Bills purchased and discounted		**22,086,320**	42,078,951	39,543,292
	ii)	Cash credit, overdrafts and loans payable on demand		**342,942,031**	412,651,470	349,496,606
	iii)	Term loans*		**1,349,404,592**	1,960,265,603	1,646,298,730
			TOTAL	**1,714,432,943**	**2,414,996,024**	**2,035,338,628**
		** Provision on Non Performing Advances (NPAs) has been netted off from Term Loans*				
B.	i)	Secured by tangible assets (includes advances secured by fixed deposits and book debt)		**1,301,095,908**	1,961,505,002	1,477,676,098
	ii)	Covered by Bank/Government guarantees		**2,720,758**	10,366,160	5,996,099
	iii)	Unsecured[1]		**410,616,277**	443,124,862	551,666,431
			TOTAL	**1,714,432,943**	**2,414,996,024**	**2,035,338,628**

[1] Includes advances of ₹ 37,671,709.07 thousands (March 31, 2019: ₹ 128,510,880 thousands) (March 31, 2018: ` 337,552,952 thousands) for which security documentation is either being obtained or being registered. As at March 31, 2020 advances amounting to ₹ 12,738,207.03 thousand (March 31, 2019 : ₹ 2,403,000 thousands) (March 31, 2018 : Nil) has been secured by intangible securities such as charge over the rights, licenses, authority, etc.

				As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2018
C. I.	Advances in India					
	i)	Priority sectors		**470,973,962**	539,338,050	446,472,144
	ii)	Public sector		**488,829**	56,671	1,524,237
	iii)	Banks		**1,119,061**	674,817	1,214,227
	iv)	Others		**1,100,969,962**	1,686,228,220	1,442,062,406
			TOTAL (I)	**1,573,551,813**	**2,226,297,758**	**1,891,273,014**
II.	Advances outside India					
	i)	Due from Banks		**5,853**	431,707	1,716,986
	ii)	Due from Others		**140,875,277**	188,266,559	142,348,628
		(a) Bills purchased and discounted		**-**	-	-
		(b) Syndicated and Term loans		**35,862,373**	30,796,065	142,348,628
		(c) others		**105,012,904**	157,470,494	-
			TOTAL (II)	**140,881,130**	**188,698,266**	**144,065,614**
			TOTAL (I+II)	**1,714,432,943**	**2,414,996,024**	**2,035,338,628**

(₹ in thousands)

			As at Mar 31, 2020	As at Mar 31, 2019	As at Mar 31, 2018
SCHEDULE 10 - FIXED ASSETS					
I.	Premises				
		At cost as on March 31st of preceding year	**378,031**	378,031	378,031
		Additions during the year	**-**	-	-
		Deductions during the year	**-**	-	-
		Accumulated depreciation to date	**(21,006)**	(14,704)	(8,402)
		TOTAL (I)	**357,025**	**363,327**	**369,629**
II.	Other Fixed Assets (including furniture and fixtures and software)				
		At cost as on March 31st of preceding year	**18,108,761**	15,232,744	11,745,713
		Additions during the year	**2,905,665**	3,133,713	3,931,501
		Deductions during the year	**(310,177)**	(257,697)	(444,470)
		Accumulated depreciation to date	**(13,904,030)**	(10,801,920)	(7,994,083)
		TOTAL (II)	**6,800,219**	**7,306,840**	**7,238,661**
		TOTAL (I+II)	**7,157,244**	**7,670,167**	**7,608,290**
		Capital work-in-progress	**2,933,638**	499,788	715,627
		TOTAL	**10,090,882**	**8,169,955**	**8,323,917**
SCHEDULE 11 - OTHER ASSETS					
I.		Interest Accrued	**22,506,873**	39,033,483	25,152,344
II.		Advance tax and tax deducted at source (net of provision)	**-**	4,801,326	1,674,968
III.		Deferred tax asset (Refer Sch 18.6.51)	**82,809,960**	25,329,143	8,717,588
IV.		Non-Banking assets aquired in satisfaction of claims	**353,000**	353,000	364,790
V.		Others	**225,097,298**	151,463,279	113,550,747
		TOTAL	**330,767,131**	**220,980,231**	**149,460,437**
SCHEDULE 12 - CONTINGENT LIABILITIES					
I.		Claims against the bank not acknowledged as debts	612,500	549,157	116,436
II.		Liability for partly paid investments	-	-	-
III.		Liability on account of outstanding forward exchange contracts	1,519,467,414	2,834,098,764	3,000,448,825
IV.		Liability on account of outstanding derivative contracts			
		- Single currency Interest Rate Swap	1,866,270,431	1,702,671,190	1,141,440,348
		- Others	548,274,930	868,291,165	783,747,908
V.		Guarantees given on behalf on constituents			
		- In India	420,131,381	437,258,909	314,307,933
		- Outside India	-	-	-
VI.		Acceptances, endorsement and other obligations	198,799,106	390,140,737	411,689,385
VII.		Other items for which the bank is contingently liable			
		- Purchase of securities pending settlement	836,632	3,622,750	9,068,982
		- Capital commitment	3,199,380	2,937,672	2,936,618
		- Amount deposited with RBI under Depositor Education and Awareness Fund (DEAF)	53,681	32,834	13,533
		- Foreign exchange contracts (Tom & Spot)	25,887,555	300,477,020	154,526,423
		-Custody	1,727,883	-	-
		- Bills Rediscounting	-	1,500,000	-
		TOTAL	**4,585,260,892**	**6,541,580,198**	**5,818,296,390**

Contingent Liability on account of outstanding forward exchange contracts and single currency interest rate swap as on March 31, 2020 includes notional amount of ₹1,067,721,532 thousands and ₹543,032,121 thousands (Mar 31, 2019: ₹2,035,934,447 thousands and ₹407,303,929 thousands) (March 31, 2018: `2,315,099,034 thousands and `318,672,816 thousands) guaranteed by CCIL representing 70.27% and 29.10% (Mar 31, 2019: 71.84% and 23.92%) (Mar 31, 2018: 77.16% and 27.92%)of total outstanding forward exchange contracts and single currency interest rate swaps respectively.

(₹ in thousands)

SCHEDULE 13 - INTEREST EARNED

		For the year ended Mar 31, 2020	For the year ended Mar 31, 2019	For the year ended Mar 31, 2018
I.	Interest/discount on advances/bills	**212,611,879**	229,226,405	154,782,364
II.	Income on investments	**42,609,208**	60,484,215	41,025,311
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	**2,103,677**	3,975,738	5,160,730
IV.	Others	**3,341,275**	2,561,115	1,705,811
	TOTAL	**260,666,039**	**296,247,473**	**202,674,216**

SCHEDULE 14 - OTHER INCOME

		For the year ended Mar 31, 2020	For the year ended Mar 31, 2019	For the year ended Mar 31, 2018
I.	Commission, exchange and brokerage	**15,261,935**	36,361,452	41,379,643
II.	Profit on the sale of investments (net)	**11,134,575**	3,174,838	5,134,739
III.	Profit/(Loss) on the revaluation of investments (net)	**-**	-	-
IV.	Profit/(Loss) on sale of land, building and other assets	**3,282**	3,947	(12,892)
V.	Profit on exchange transactions (net)	**3,731,959**	1,570,297	2,315,709
VI.	Income earned by way of dividends etc. from subsidiaries, companies and/or joint ventures abroad/in India	**-**	-	-
VII.	Miscellaneous income	**88,433,187**	4,790,992	3,421,136
	TOTAL	**118,564,938**	**45,901,526**	**52,238,335**

Miscellaneous income for the period ended March 31, 2020 includes extraorinary income on account of write down of Additional Tier I Bonds amounting to ₹ 84,150,000 thousands

SCHEDULE 15 - INTEREST EXPENDED

		For the year ended Mar 31, 2020	For the year ended Mar 31, 2019	For the year ended Mar 31, 2018
I.	Interest on deposits	**120,052,790**	136,871,140	93,834,137
II.	Interest on Reserve Bank of India/inter-bank borrowings/Tier I and Tier II debt instruments	**66,661,229**	60,764,723	29,840,501
III.	Others	**5,899,706**	521,297	1,628,986
	TOTAL	**192,613,725**	**198,157,160**	**125,303,624**

(₹ in thousands)

		For the year ended Mar 31, 2020	For the year ended Mar 31, 2019	For the year ended Mar 31, 2018
SCHEDULE 16 - OPERATING EXPENSES				
I.	Payments to and provisions for employees	**25,998,717**	24,697,653	21,889,199
II.	Rent, taxes and lighting	**4,462,409**	4,173,931	4,543,758
III.	Printing and stationery	**393,774**	423,256	368,753
IV.	Advertisement and publicity	**274,273**	648,283	959,102
V.	Depreciation on Bank's property	**3,356,319**	3,015,420	2,309,704
VI.	Directors' fees, allowances and expenses	**54,242**	43,413	19,848
VII.	Auditors' fees and expenses	**42,500**	23,203	13,685
VIII.	Law charges	**151,949**	90,931	60,940
IX.	Postage, telegrams, telephones, etc.	**643,740**	647,585	604,220
X.	Repairs and maintenance	**351,547**	420,294	345,426
XI.	Insurance	**2,161,614**	2,078,487	1,512,106
XII.	Other expenditure	**29,401,030**	26,380,312	19,501,057
	TOTAL	**67,292,114**	**62,642,768**	**52,127,798**

		For the year ended Mar 31, 2020	For the year ended Mar 31, 2019	For the year ended Mar 31, 2018
SCHEDULE 17 - PROVISIONS & CONTINGENCIES				
I.	Provision for taxation (Refer Sch 18.6.33)	**(44,078,887)**	6,370,684	19,697,457
II.	Provision for investments	**64,819,073**	6,824,889	2,599,443
III.	Provision for standard advances	**(19,410,781)**	22,514,059	1,687,427
IV.	Provision/write off for non performing advances	**278,060,357**	25,669,535	10,788,287
V.	Other Provisions	**4,115,686**	2,767,116	462,878
	TOTAL	**283,505,448**	**64,146,283**	**35,235,492**

18. **Significant accounting policies and notes forming part of the restated accounts for the year ended March 31, 2020**

Note 1. Statement on Material Adjustments and Regroupings

The Restated Standalone Financial Statements consists of Restated Standalone Balance Sheet, Restated Standalone Profit and Loss Account, Restated Standalone Statement of Cash Flows and Restated Standalone Schedules to Restated Balance sheet & Restated Profit and Loss Account as of and for the Fiscal Years ended, March 31, 2018, March 31, 2019, and March 31, 2020 are collectively referred to as the "Restated Financial Information".

Material Adjustments:

The accounting policies as at and for the year ended March 31, 2020 are materially consistent with the policies adopted for each of the previous financial years ended March 31, 2019 and March 31, 2018. The Restated Standalone Financial Statements have been prepared based on the respective audited Historical Financial Statements for the Fiscal Years ended March 31, 2020, March 31, 2019 and March 31, 2018.

The following accounting policy was implemented during the year ended March 31, 2020, which has no material effect on the Restated Standalone Financial Statements:

Revenue recognition:
The Bank in FY20, has changed the methodology recognition of fee income such that a fee in excess of 2% received upfront on the origination of a loan would be amortized over the life of loan. The impact of such change in methodology for recognition of fees is not material and accordingly the same is not considered for Restated Financials.

Non adjusting items:

1. **Qualification in auditors' report**

   a. On the financial statements for the year ended March 31, 2020

   The auditor's report on the financial statements for the year ended March 31, 2020 included the following qualifications, which does not require any adjustment in the Restated Standalone Financial Statements

   - We draw attention to Note 18.3 of the standalone Financial Statements, which indicates that during the year ended 31 March 2020, the Bank has breached the regulatory requirements of the Reserve Bank of India ('RBI') regarding maintaining the minimum Common Equity Tier ('CET') 1 and Tier 1 capital ratios which indicates the position of capital adequacy of a bank. The breach is primarily on account of the increase in the provision for advances during the year ended 31 March 2020 as the Bank has decided, on a prudent basis, to enhance its Provision Coverage Ratio on its Non-Performing Asset (NPA) loans over and above minimum RBI loan level provisioning. Inspite of the write back of the AT1 bonds on 14 March 2020 there is a breach of Tier 1 capital ratio as at 31 March 2020. The CET1 ratio and the Tier 1 capital ratios for the Bank as at 31 March 2020 stood at 6.3% and 6.5 % as compared to the minimum requirements of 7.375% and 8.875% respectively. This implies that the Bank will have to take effective steps to augment its capital base in the year 2020-21. Further, in view of the RBI norms relating to the breach of the aforesaid ratios, there is uncertainty around RBI's potential action for such a breach. We are unable to comment on the consequential impact of the above regulatory breach on these standalone financial statements.

   - We draw attention to Note 18.6.69 to the Standalone financial statements, which discloses that the Bank became aware in September 2018 through communications from stock exchanges of an anonymous whistle-blower complaint alleging irregularities in the Bank's operations, potential conflicts of interests in relation to the former MD and CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which resulted in a report that was reviewed by the Board of Directors in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. During the year ended 31 March 2020, the Bank identified certain further matters which arose from other independent investigations initiated by the lead banker of a lenders' consortium on the companies allegedly favoured by the former MD and

CEO. In March 2020, the Enforcement Directorate has launched an investigation into some aspects of dealings and transactions by the former MD and CEO basis draft forensic reports from external agencies which further pointed out to conflict of interest between the former MD and CEO and certain companies and arrested him. In view of the fact that these enquiries and investigations are still ongoing, we are unable to comment on the consequential impact of the above matter on these standalone financial statements.

2. Material uncertainty related to going concern

The auditor's report on the financial statements for the year ended March 31, 2020 included the following paragraph on material uncertainty related to going concern, which does not require any adjustment in the Restated Standalone Financial Statements

1. We draw attention to Note 18.3 of the Standalone Financial Statements, which indicates that the Bank has incurred a loss of Rs. 16,418 crores for the year ended 31 March 2020. Particularly during the last six months, there has also been a significant decline in the Bank's deposit base, an increase in their NPA ratios resulting in breach of loan covenants on its foreign currency debt and credit rating downgrades resulting in partial prepayment of foreign currency debt linked to external credit rating. The Bank has also breached minimum Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio requirements of RBI during the year and has provided an amount of Rs.334 crores for the expected penalty on the SLR breach. The Bank has also breached the RBI mandated CET1 ratio and Tier 1 capital ratio which stood at 6.3%.and 6.5% as compared to the minimum requirements of 7.375% and 8.875% respectively. This requires the Bank to take effective steps to augment its capital base in the year 2020-21. The breach of the CET1 and Tier 1 requirements was also impacted by the decision of the Bank to enhance its Provision Coverage Ratio, on a prudent basis, on its NPA loans over and above RBI's minimum loan provisioning norms. Further, on 5 March 2020, the Central Government, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 for a period of 30 days effective 5 March 2020. The RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on 5 March 2020. The above indicators of financial stress and actions taken by the RBI resulted in a significant withdrawal of deposits. On 13 March 2020, the Government of India notified the Yes Bank Limited Reconstruction Scheme 2020 ('the Scheme') [notified by the Central Government, in exercise of the powers conferred by sub section (4) and subsection 7 of section 45 of the Banking Regulation Act, 1949]. Under this Scheme the authorized share capital of the Bank was increased to Rs.6,200 crores. The Bank has received capital from investors amounting to Rs.10,000 crores on 14 March 2020. The State Bank of India (SBI) and other banks and financial institutions invested in the Bank at a price of Rs.10 per equity share of the Bank (Rs.2 face value with a Rs.8 premium). SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in the Bank are also subject to a lock in for 75% of their holding as per this Scheme. A new Board of Directors, CEO and MD and Non Executive Chairman have also been appointed pursuant to the Scheme. In addition, the moratorium imposed on the Bank on 5 March 2020 was vacated on 18 March 2020 as per the Scheme. RBI has also granted short-term funding to the Bank for the period of 90 days. The Bank has submitted a proposal seeking extension for a period of one year. The draft reconstruction scheme proposed on 6 March 2020 had also envisaged that the Bank would be able to write back Additional Tier 1 (AT1) securities amounting to Rs.8,695 crores to equity. However, the final Scheme issued by the Government of India on 13 March 2020 does not contain any reference to the write back of the AT1 securities. Based on the legal advice on the contractual terms of the AT 1 bonds, the Bank has fully written back AT 1 bonds aggregating to Rs. 8,415 crores on 14 March 2020. This action by the Bank has been legally challenged through a writ petition in the Hon'ble Bombay High court.

   In line with the RBI's COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020, the Bank has granted a moratorium of three months on the payment of all instalments and/or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 (later extended to August 31, 2020) to all eligible borrowers classified as Standard, even if overdue, as on 29 February 2020.
   In the opinion of the Bank, based on the financial projections prepared by the Bank and approved by the Board for the next 3 years, the capital infusion, lines of liquidity provided by RBI and the reconstruction Scheme, the Bank will be able to realize its assets (including its deferred tax asset) and discharge its liabilities in its normal course of business and hence the financial statements have been prepared on a going concern basis. The said assumption of going concern is inter-alia dependent on the Bank's ability to achieve improvements in liquidity, asset quality and solvency ratios and mitigate the impact of Covid-19 and thus a material uncertainty exists that may cast a significant doubt on the Bank's ability to continue as a going concern. However, as stated above, as per management and the Board, there are mitigating factors to such uncertainties

including the amount of capital funds that have been raised in March 2020, the nature and financial resources of new investors who have infused funds in the Bank, the new Board of Directors, CEO and MD and part time Chairman appointed as per the Scheme and the extent of regulatory support provided to the Bank by the RBI.

Our conclusion on the Standalone Financial Statements is not modified in respect of this matter.

3. Emphasis of matter paragraph in auditor's report

a. On the financial statements for the year ended March 31, 2020

The auditor's report on the financial statements for the year ended March 31, 2020 included the following Emphasis of Matter paragraphs, which do not require any adjustment in the Restated Standalone Financial Statements

- that the Bank has a total deferred tax asset of Rs. 8,281 crores as at 3 I March 2020. As per the requirements of AS 22 - Income Taxes, based on the financial projections prepared by the Bank and approved by the Board of directors, the Bank has assessed that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The Bank expects to have a taxable profit for the future years. Our conclusion is not modified in respect of this matter

- the Bank had made an additional provision of Rs. 15,422 crores for the period ended 31 December 2019 on a prudent evaluation of the status of NP As based on discussion with regulator over and above the RBI norms relating to the minimum provision to be made by banks on their loans and advances. The additional provision is judgmental based on the quality and status of specific loans identified by the Bank as at 31 March 2020. We believe that this judgment exercised by the Bank is appropriate. Our conclusion is not modified in respect of this matter.

b. On the financial statements for the year ended March 31, 2019

The auditor's report on the financial statements for the year ended March 31, 2019 included the following Emphasis of Matter paragraphs, which do not require any adjustment in the Restated Standalone Financial Statements

- the Standalone financial statements which describes the ongoing enquiry by the Bank into certain anonymous whistle blower allegations. Our opinion is not modified in respect of this matter

4. Change in estimates

a. From the quarter ended December 31, 2019, the Bank considers slippages in Corporate NPAs post the period end till the date of results / financial statement, while determining NPAs and related provisioning requirements. Further, the Bank had decided, on a prudent basis, to enhance its Provision Coverage Ratio on its NPA loans over and above the RBI loan level provisioning requirements. This change is considered as change in estimates, and consequently no retrospective adjustments have been made in this regard to the Restated Financials

b. As part of the Risk Based Supervision (RBS) exercise for the Fiscal Year 2016-17 and 2018-19 concluded in November 2019, the Reserve Bank of India ('RBI') has pointed out certain retrospective divergence in respect of the Bank's asset classification and provisioning under the applicable prudential norms on income recognition, asset classification and provision as at 31 March 2019 and accordingly, the impact of such divergence is considered in the year in which the RBI has issued the report and consequently no retrospective adjustments have been made in this regard to the Restated Standalone Financial Statements.

5. Material regroupings

Appropriate regrouping/reclassifications have been made in the Restated Financial Statements in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

Regulations, 2019 (as amended), in respect of the corresponding items of assets, liabilities, income, expenses, and cash flows in order to align them with the groupings as per the audited financial statements of the Bank. Non-financial information including ratios, percentages, etc, have been updated to the extent applicable, as a consequence of regroupings / reclassifications made, as indicated above.

6. Material errors

There are no material errors that require any adjustment in the Restated Standalone Financial Statements.

18. **Significant accounting policies and notes forming part of the restated accounts for the year ended March 31, 2020**

18.1 Background

YES BANK is a publicly held bank engaged in providing a wide range of banking and financial services. YES BANK is a banking company governed by the Banking Regulation Act, 1949. The Bank 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. Also the Bank has a branch at International Financial Services Centre ('IFSC') at GIFT City, Gujarat ('IBU'). The Bank classifies transactions undertaken by IBU as overseas operation.

On March 13, 2020, the Government of India notified the "Yes Bank Ltd. Reconstruction Scheme, 2020" (Scheme). As per the Scheme, authorized capital has been increased from ₹ 11,000 million to ₹ 62,000 million. The State Bank of India (SBI) and other investors invested in the Bank at a price of ₹ 10 per equity share of the Bank (₹ 2 face value with a ₹ 8 premium). As per the scheme, SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in Yes Bank are also subject to a lock in for 75% of their holding as per this Scheme.

18.2 Basis of preparation

The Restated Summary Statements have been compiled by the management from the audited standalone financial statements of each of the years ended March 31, 2020, 2019 and 2018 (together, the "Historical Audited Financial Statements"). The accounting policies have been consistently applied by the Bank in preparation of the Restated Standalone Financial Statements and are consistent with those adopted in the preparation of financial statements for the year ended March 31, 2020

The Restated Standalone Financial Statements have been prepared by the Bank in accordance with the requirements of relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992, to the extent applicable. The Restated Summary Statements have been prepared by the Bank specially for inclusion in the offer document to be filed by the Bank with the Securities and Exchange Board of India ("SEBI") to facilitate the management discussion and analysis of the Bank's financial performance in connection with its proposed initial public offering, and were approved by the Board on July 03, 2020.

The Historical Audited Financial Statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of The Bank used in the preparation of these restated financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows accrual method of accounting and the historical cost convention, unless otherwise stated by RBI guidelines.

Use of estimates

The preparation of restated financial statements requires the management to make estimates and assumptions that are considered while reporting amounts of assets and liabilities (including contingent liabilities) as of the date of the restated financial statements and income and expenses during the reporting period. Management believes that the estimates used in the preparation of the restated financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

18.3 Assessment of Going Concern:

In the aftermath of the IL&FS crisis in September 2018, the financial sector had been heavily constrained from a liquidity stand-point. Also, rising defaults in Power and Infrastructure sector in second half of 2019 have taken a toll on the stressed book of various Banks and NBFCs. In this macro environment, given its low capital covers, the Bank has been adversely impacted on account of elevated slippages in its corporate book especially in power and infra sector. The Bank reported a marginal profit for the quarter ended 30 June 2019 and reported loss in the quarter ended September 30, 2019. For the quarter ended December 31, 2019, as a consequence of increase in NPAs, additional recording slippages post period end and increase in Provision Coverage Ratio (PCR), the reported loss was ₹ 185,604 million. The Bank had also breached the RBI mandated Common Equity (CET1) ratio which stood at 0.62% at 31 December 2019 as compared to the requirement of 7.375%. The delay in capital raising triggered the downgrade of the Bank's rating by Rating Agencies.

In addition the deposit outflow in early October on account of a combination of events such as invocation of Promoter's pledged shares\IT glitches for Yes Bank (and others)\problems arising from financial distress in Punjab and Maharashtra Cooperative Bank led to a continuing breach in Liquidity Coverage Ratio (LCR) starting October 2019 and continues till date. The Bank's deposit base has seen a reduction from ₹ 2,094,973 million as at September 30, 2019 to ₹ 1,657,554 million as at December 31, 2019. The deposit position as at March 31, 2020 is ₹ 1,053,639 million and has reduced further to ₹ 1,027,179 million as at May 02, 2020. The Bank had also prepaid ~USD 1.18 billion (₹ 85,000 million) by February 29, 2020. On March 5, 2020, the Central Government, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 for a period of 30 days effective March 5, 2020 which was lifted on March 18, 2020. Further, the RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on March 5, 2020. As per the moratorium a restriction was imposed on the withdrawal by depositors of amounts up to ₹ 50,000 and the Bank also could not grant or renew loans or make any investments.

A new Board of Directors, MD & CEO and Non Executive Chairman have also been appointed under the Scheme. The Bank has since obtained a Board approval to raise additional equity of upto Rs 150,000 million. As a consequence of the reconstitution the Bank was deemed to be un-viable. Consequently, write-back of certain Basel III additional tier 1 Bonds ("AT 1 Bonds") issued by the Bank had been triggered. Hence, such AT 1 Bonds amounting to ₹ 84,150 million have been fully written down permanently. The Trustees, on behalf of the holders of AT 1 Bonds have filed a writ petition seeking to challenge the decision of the Bank to write down AT 1 bonds. The Bank, based on the legal opinion of its external independent legal counsel is of the view that the merits of the Bank's decision to write back the AT 1 bonds is in accordance with the contractual terms for issuance of AT 1 Bonds. The Bank had also been granted a short term special liquidity facility for 90 days from the RBI. The Bank also raised CDs of ₹ 72,000 million as at March 31, 2020. As a consequence of the above factors the Bank's loss post tax and AT 1 write back (exceptional income) is ₹ 164,180 million. The Bank's CET1 ratio is 6.3% (regulatory requirement with CCB of 7.375%) and tier 1 capital ratio is 6.5% (regulatory requirement of 8.875%) as at March 31, 2020. The Bank has substantially enhanced its PCR and strengthened its Balance Sheet. However, RBI's current framework on 'Prompt Corrective Action' (PCA) considers regulatory breaches in CET as a potential trigger. The Bank remains in constant communication with RBI on the various parameters and ratios and RBI has not imposed any fine on the Bank for the regulatory breaches.

The Bank's deposit base has seen a reduction from ₹ 2,276,102 million as at March 31, 2019 to ₹ 1,053,639 million as at March 31, 2020 (Position as at May 02, 2020 ₹ 1,027,179 million). Consequently, the Bank's quarterly average 'Liquidity Coverage Ratio' (LCR) has fallen from 74% for the quarter ended December 31, 2019 to 40% for the quarter ended March 31, 2020 (regulatory limit 100%), position as at May 02, 2020 34.8%(regulatory limit 80%). The Bank also has a deferred tax asset of ₹ 82,810 million as at March 31, 2020. Though the Bank has made a loss of ₹ 164,180 million for the year ended March 31, 2020, the Bank has a taxable profit for the year ended March 31, 2020. The Bank continues to carry such deferred tax asset in its Balance Sheet, as basis financial projections approved by the Board of Directors, there is reasonable certainty of having sufficient taxable income to enable realization of the said deferred tax asset as specified in Accounting Standard 22 (Accounting for Taxes on Income).

In the month of March 2020, SARS-CoV-2 virus responsible for COVID-19 continued to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic outlook and activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's future results will depend on related developments, which remain highly uncertain.

The Bank witnessed significant deposit withdrawal immediately post the moratorium was lifted, however the deposits stabilised post March 23, 2020. While further reduction in deposits lost post moratorium may cast material uncertainty, particularly in the current COVID scenario, the Bank under the leadership of new management and Reconstituted Board is confident that it can tide over the current issues successfully.

This belief is reinforced by the pedigree of new investors of the Bank (led by State Bank of India and other Financial Institutions). The Bank believes that the stress is temporary in nature and would be rectified through infusion of fresh capital and the liquidity initiative measures being undertaken. Further, The Bank's management and board of directors have made an assessment of its ability to continue as a going concern based on the detailed projected financial statements including plan for raising of deposits and other sources of funds for the next 3 years and are satisfied that with the proposed capital infusion and the Bank's strong customer base and branch network, will enable the Bank to continue its business for the foreseeable future, so as to be able to realize its assets and discharge its liabilities in its normal course of business. Based on the projection and assessment, the Bank believes that it will achieve operating profit in near term and expects higher level of recoveries from NPA as significant portion of the stressed book already classified as NPA, the Bank expected to be on a growth trajectory. As such, the financial statements continue to be prepared on a going concern basis.

18.4 Estimation of uncertainties relating to the global health pandemic from COVID-19:

From the quarter ended December 31, 2019, the Bank considers slippages in Corporate NPAs post the period end till the date of results / financial statement, while determining NPAs and related provisioning requirements. Further, the Bank had decided, on a prudent basis, to enhance its Provision Coverage Ratio on its NPA loans over and above the RBI loan level provisioning requirements. As a result, the Bank recognized additional provisions of ₹ 154,220.39 million for the period ended December 31, 2019. In line with the RBI's COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and the Governor's Statement dated May 22, 2020, the Bank has granted a moratorium of six months on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and August31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted (except advances at IFSC Banking Unit (IBU)), the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms) and as the asset classification as of March 31, 2020 has been retained based on the overdue status as at February 29, 2020. Hence on account of above mentioned RBI's COVID-19 Regulatory Package, Bank has not considered slippages post March 31, 2020 till the date of results / financial statement.

In line with RBI requirements, the Bank holds necessary provisions as at March 31, 2020 against the assets where the asset classification benefit has been extended on account of standstill requirements.

Refer disclosure 18.6.24 - Disclosure under COVID19 Regulatory Package

18.5 *Restated Significant accounting policies*

18.5.1 *Revenue recognition*

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

- Interest income is recognized in the profit and loss account on accrual basis, except in the case of non-performing assets. Interest on non-performing assets is recognized as per the prudential norms of the RBI. Penal Interest is recognized upon certainty of its realization.
- Dividend income is recognized when the right to receive payment is established.
- Commission on guarantees issued by the Bank is recognized as income over the period of the guarantee.
- Commission on Letters of Credit ('LC') issued by the Bank is recognized as income at the time of issue of the LC.
- Income on non-coupon bearing discounted instruments is recognized over the tenure of the instrument on a straight line basis. In case of coupon bearing discounted instruments, discount income is recognized over the tenor of the instrument on yield basis.
- In case of Bonds and Pass Through Certificates (PTC), premium on redemption, if any, is amortised over the tenure of the instrument on a yield basis.
- Revenue from financial advisory services is recognized in line with milestones achieved as per terms of agreement with clients which is reflective of services rendered.
- Facility fees and loan processing fees are recognised when due and realizable.
- Other fees and commission are accounted for as and when they became due.

18.5.2 *Investments*

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015.

Accounting and Classification

The Bank follows settlement date accounting for Investments. In compliance with RBI guidelines, all investments, are categorized as "Held for trading" ('HFT'), "Available for sale" ('AFS') or "Held to maturity" ('HTM') at the time of its purchase. For the purpose of disclosure in the balance sheet, investments are classified as disclosed in Schedule 8 ('Investments') under six groups (a) government securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others.

a) Cost of acquisition

Costs such as brokerage pertaining to investments, paid at the time of acquisition and broken period interest are charged to the profit and loss account as per the RBI guidelines.

b) Basis of classification

Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT category. Investments that the Bank intends to hold till maturity are classified under the HTM category, or as per RBI guidelines. Securities which are not classified in the above categories are classified under the AFS category.

c) Transfer between categories

Reclassification of investments from one category to the other, if done, is in accordance with RBI guidelines. Transfer of scrips from AFS / HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS / HFT category, the investments held under HTM at a discount are transferred to AFS / HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS/ HFT at the amortized cost.

Transfer of investments from AFS to HFT or vice- a- versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

d) Valuation

Investments categorized under AFS and HFT categories are marked to market (MTM) on a periodical basis as per relevant RBI guidelines. Net depreciation, if any, in the category under the classification mentioned in Schedule 8 ('Investments') is recognized in the profit and loss account. The net appreciation, if any, in the category under each classification is ignored, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to periodic valuation of investments.

Investments received in lieu of restructured advances scheme are valued in accordance with RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category. Depreciation on equity shares acquired and held by the Bank under restructuring scheme is provided as per RBI guidelines.

Investments classified under the HTM category are carried at their acquisition cost and any premium over the face value, paid on acquisition, is amortised on a straight line basis over the remaining period to maturity. Amortization expense of premia on investments in the HTM category is deducted from interest income in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. Where in the opinion of management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made. Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve.

Equity investments in subsidiaries/joint ventures are classified under 'Held to Maturity'. The Bank assesses these investments for any permanent diminution in value and appropriate provisions are made.

Treasury Bills, Commercial Paper and Certificates of deposit being discounted instruments, are valued at carrying cost.

Pass Through Certificates purchased for priority sector lending requirements are valued at Book Value in accordance with RBI guidelines.

The market/ fair value applied for the purpose of periodical valuation of quoted investments included in the AFS and HFT categories is the market price of the scrip as available from the trades/ quotes on the stock exchanges and for Subsidiary General Ledger ('SGL') account transactions, the prices as periodically declared by Financial Benchmarks India Pvt. Ltd.(FBIL).

The market/ fair value of unquoted government securities included in the AFS and HFT category is determined as per the prices published by FBIL. Further, in the case of unquoted bonds, debentures, pass through certificates (other than priority sector) and preference shares, valuation is carried out by applying an appropriate mark-up (reflecting associated credit risk) over the Yield to Maturity ('YTM') rates of government securities. Such mark up and YTM rates applied are as per the relevant rates published by FIMMDA/FBIL.

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is netted in the Investment schedule. The short position is marked to market and loss, if any, is charged to the Profit and

Loss account while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Profit and Loss account.

Units of Venture Capital Funds (VCF) held under AFS category are valued using the Net Asset Value (NAV) shown by VCF as per the financial statement. The VCFs are valued based on the audited results once in a year. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per VCF.

Quoted equity shares are valued at their closing price on a recognized stock exchange. Unquoted equity shares are valued at the break-up value if the latest balance sheet is available, else, at ₹ 1 per company, as per relevant RBI guidelines.

At the end of each reporting period, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction company are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting date. In case of investment in Security Receipts on or after April 01, 2017 which are backed by more than 50% of the stressed assets sold by the bank or 10% of the stressed asset sold by the bank post April 01, 2018, provision for depreciation in value is made at higher of - provisioning rate required in terms of net assets value declared by Reconstruction Company(RC)/Securitization Company(SC) or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continue in the books of the Bank. All other investments in the Security Receipts are valued as per the NAV obtained from issuing RC/SC.

Investments in quoted Mutual Fund (MF) Units are valued at the latest repurchase price/net asset value declared by the mutual fund. Investments in un-quoted MF Units are valued on the basis of the latest re-purchase price declared by the MF in respect of each particular Scheme.

Investment in listed instruments of Real Estate Investment Trust (REIT)/Infrastructure Investment Trust (INVIT) is valued at closing price on a recognized stock exchange with the higher volumes. In case the instruments were not traded on any stock exchange within 15 days prior to date of valuation, valuation is done based on the latest NAV (not older than 1 year) submitted by the valuer.

Sovereign foreign currency bonds are valued using Composite Bloomberg Bond Trader (CBBT) price or Bloomberg Valuation Service (BVAL) price or on Treasury curve in the chronological order based on availability.

Non- Sovereign foreign currency Bonds are valued using either Composite Bloomberg Bond Trader (CBBT) price, Bloomberg Valuation Service (BVAL) price , Bloomberg Generic price (BGN) , Last available CBBT pricing for the instrument or Proxy Bond Pricing from Bloomberg in the chronological order based on availability.

Masala bonds are valued using either Composite Bloomberg Bond Trader (CBBT) price, Bloomberg Valuation Service (BVAL) price or as per FIMMDA guided valuation methodology for unquoted bonds in the chronological order based on availability.

Special bonds such as oil bonds, fertilizer bonds, UDAY bonds etc. which are directly issued by Government of India ('GOI') is valued based on FBIL valuation.

Equity shares in the Banks demat account, acquired through exercise of pledge, is not accounted as investments. Upon sale of the pledged shares, the proceeds are utilized to offset the borrower's liability

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. Based on management assessment of impairment, the Bank additionally creates provision over and above the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss account until received.

e) Profit/Loss on sale of Investments

Profit/Loss on sale of Investments in the HTM category is recognized in the profit and loss account and profit thereafter is appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/Loss on sale of investments in HFT and AFS categories is recognized in the Profit and Loss account.

f) Accounting for repos / reverse repos

Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) including liquidity adjustment facility (LAF) with RBI are treated as collateralized borrowing and lending transactions respectively in accordance with RBI master circular No. DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. The first leg of the repo transaction is contracted at the prevailing market rates. The difference between consideration amounts of first and second (reversal of first) leg reflects interest and is recognized as interest income/expense over the period of transaction.

Bank also undertakes Repo and Reverse repo transactions from IFSC Banking Unit in GIFT City in Foreign currency Sovereign Securities and accounting is similar to the domestic repo transactions.

g) Investment fluctuation reserve

With a view to building up of adequate reserves to protect against increase in yields, RBI through circular number RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, advised all banks to create an IFR with effect from the FY 2018-19.

Transferred to IFR will be lower of the following (i) net profit on sale of investments during the year or (ii) net profit for the year less mandatory appropriations; until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

18.5.3 Advances

Accounting and classification

Advances are classified as performing and non-performing based on the relevant RBI guidelines. Advances are stated net of specific provisions, interest in suspense, inter-bank participation certificates issued, direct assignment and bills rediscounted.

Asset classification

Provisioning

Provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of the advances, subject to the minimum provisioning level prescribed in relevant RBI guidelines. The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels. Specific provisions in respect of non-performing advances are charged to the Profit and Loss account and included under Provisions and Contingencies. From the quarter ended December 31, 2019, the Bank consider slippages in Corporate NPAs post the period end till the date of results / restated financial statement, while determining NPAs and related provisioning requirements.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 ((later extended to August 31, 2020) to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted (except advances at IFSC Banking Unit (IBU)), the asset classification as of March 31, 2020 has been retained based on the overdue status as at February 29, 2020. As a consequence the Bank has not recognized any slippage in asset classification from standard to NPA post February 29, 2020 on account of moratorium.

As per the RBI guidelines a general provision is made on all standard advances, including provision for borrowers having unhedged foreign currency exposure and for credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts. These also include provision for stressed sector exposures and provision for incremental exposure of the banking system to a specified borrower beyond Normally Permitted Lending Limit (NPLL) in proportion to bank's funded exposure to specified borrower. Such provisions are included in Schedule 5 - 'Other liabilities & provisions - Others'.

In respect of restructured standard and non performing advances, provision is made for the present value of principal and interest component sacrificed at the time of restructuring the assets, based on the RBI guidelines.

Accounts are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Profit and Loss account and included under other income.

In case of loans sold to asset reconstruction company, if consideration is more than net book value, the Bank records the security receipts as investment at Net Book Value as per RBI guidelines.

The Bank has in place a Country Risk management policy as part of its Board approved Credit policy, which is based on extant regulatory guidelines and addresses the identification, measurement, monitoring and reporting of country risk. Countries are categorized into seven risk categories, viz. Insignificant, Low Risk, Moderately Low Risk, Moderate Risk, Moderately Risk, High Risk and Very High Risk. The Bank calculates direct and indirect country risk in line with the policy requirements. Indirect exposure is reckoned at 50% of the exposure in case of countries where the net funded exposure exceeds 1% of the Bank's total assets. Further, if the net funded exposure of the Bank in respect of each country exceeds 1% of the Bank's total assets, provisioning is required to be made on exposure to such countries. Depending on the risk category of the country, provisioning is done on a graded scale ranging from 0.25% to 100% for exposures with contractual maturity greater than or equal to 180 days. In respect of short-term exposures with contractual maturity less than 180 days, 25% of the normal provision requirement is held.

18.5.4 Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at the daily average closing rates and of non-integral foreign operations (foreign branches) at the monthly average closing rates.

Premia/discounts on foreign exchange swaps, that are used to hedge risks arising from foreign currency assets and liabilities, are amortized over the life of the swap.

Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI'). Foreign exchange contracts are stated at net present value using LIBOR/SWAP curves of the respective currencies with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market (MTM)) on a gross basis.

In accordance with AS 11 'The Effects of changes in Foreign Exchange Rates', contingent liabilities in respect of outstanding foreign exchange forward contracts, derivatives, guarantees, endorsements and other obligations are stated at the exchange rates notified by FEDAI corresponding to the balance sheet date.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date and the resulting profit / loss arising from exchange differences are accumulated in the Foreign Currency Translation Account until the disposal of the net investment in the non-integral foreign operations.

In accordance with the RBI clarification, the Bank does not recognise in the profit and loss account the proportionate exchange gains or losses held in the foreign currency translation reserve on repatriation of profits from overseas operations.

Currency future contracts are marked to market daily using settlement price on a trading day, which is the closing price of the respective future contracts on that day. While the daily settlement prices is computed on the basis of weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the future contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit / loss is daily set.

18.5.5 Earnings per share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard (AS) 20, "Earnings per Share" notified under section 133 of the Companies Act 2013. Basic earnings per equity share have been computed by dividing net profit after tax for the year by the weighted average number of equity shares outstanding for the period.

Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares options outstanding during the period except where the results are anti-dilutive.

18.5.6 Accounting for derivative transactions

Derivative transactions comprises forward rate agreements, swaps and option contracts. The Bank undertakes derivative transactions for market making/trading and hedging on-balance sheet assets and liabilities. All market making/trading transactions are marked to market on a monthly basis and the resultant unrealized gains/losses are recognized in the profit and loss account.

Derivative transactions that are undertaken for hedging are accounted for on accrual basis except for the transaction designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements, which are accounted similar to the underlying asset or liability.

Cross currency interest rate swaps which are used by the Bank to hedge its foreign currency borrowings have been designated as cash flow hedges and are measured at fair value. The corresponding gain or loss is recognised as cash flow hedge reserve. Further to match profit/ loss on account of revaluation of foreign currency borrowing, the corresponding amount is recycled from cash flow hedge reserve to Profit and Loss account.

The Bank follows the option premium accounting framework prescribed by FEDAI SPL- circular dated Dec 14, 2007. Premium on option transaction is recognized as income/expense on expiry or early termination of the transaction. Mark to market (MTM) gain/loss (adjusted for premium received/paid on option contracts) is recorded under 'Other Income'.

The amounts received/paid on cancellation of option contracts are recognized as realized gains/losses on options. Charges receivable/payable on cancellation/ termination of foreign exchange forward contracts and swaps are recognized as income/ expense on the date of cancellation/ termination under 'Other Income'.

Valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

The requirement for collateral and credit risk mitigation on derivative contracts is assessed based on internal credit policy. Overdue if any, on account of derivative transactions are accounted in accordance with extant RBI guidelines.

As per the RBI guidelines on 'Prudential Norms for Off-balance Sheet Exposures of Banks' a general provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions.

18.5.7 Fixed assets

Fixed assets are stated at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost comprises the purchase price and any cost attributable for bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit /functioning capability from / of such assets.

18.5.8 Depreciation

Depreciation on fixed assets is provided on straight-line method, over estimated useful lives, as determined by the management, at the rates mentioned below-

Class of asset	Useful life of Assets as per Companies Act, 2013	Useful life of Assets as per Bank's Accounting Policy
Owned Premises	60 years	60 years
Office equipment	5 years	5 years
Computer hardware[1]	6 years	3 years
Computer software *	6 years	4 years
Vehicles[1]	8 years	5 years
Furniture and Fixtures	10 years	10 years
Automated Teller Machines ('ATMs') [1]	15 years	10 years
Leasehold improvements to premises	-	Over the lease period or 9 years whichever is less.

**As per RBI Guidelines.*

[1] *Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

- Assets costing up to ₹ 5,000 are fully depreciated in the year of purchase.
- For assets purchased/ sold during the year, depreciation is being provided on pro rata basis by the Bank.
- Improvements to leasehold assets are depreciated over the remaining period of lease
- Reimbursement, if any, is recognised on receipt and is adjusted to the book value of asset and depreciated over the balance life of the asset
- Whenever there is a revision in the estimated useful life of the asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset
- The useful life of assets is based on historical experience of the Bank, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

18.5.9 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the recoverable amount of the assets.

18.5.10 *Employee benefits*

Employee Stock Option Scheme ('ESOS')

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Bank to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within specified periods.

Measurement of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI) and SEBI (Share Based Employee Benefits) Regulations, 2014. The Bank measures compensation cost relating to employee stock options using the intrinsic value method. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock (i.e. the last closing price on the stock exchange on the day preceding the date of grant of stock options) over the exercise price. The exercise price of the Bank's stock option is the last closing price on the stock exchange on the day preceding the date of grant of stock options and accordingly there is no compensation cost under the intrinsic value method.

Compensated absence

The employees of the Bank are entitled to carry forward a part of their unavailed/unutilized leave subject to a maximum limit. The employees cannot encash unavailed/unutilized leave. The Bank provides for leave encashment / compensated absences based on an independent actuarial valuation at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation.

Gratuity

The Bank provides for gratuity, a defined benefit retirement plan, covering eligible employees. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent to 15 days' eligible salary payable for each completed year of service if the service is more than 5 years. The Bank accounts for the liability for future gratuity benefits using the projected unit cost method based on annual actuarial valuation.

The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS-15, Employee Benefits, to determine the present value of the defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Profit and Loss account.

Provident fund

In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre determined rate. Contribution to provident fund are recognized as expense as and when the services are rendered. The Bank has no liability for future provident fund benefits other than its annual contribution.

In February 2019, the honorable Supreme Court of India in its judgment clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). The Bank has been legally advised that there are interpretative challenges on the application of judgment retrospectively and as such does not consider there is any probable obligations for past periods. The Bank has given effect of this judgment from April 01, 2019 prospectively.

National Pension System (NPS)

The NPS is a defined contribution retirement plan. The primary objective is enabling systematic savings and to provide retirees with an option to achieve financial stability. Pension contributions are invested in the pension fund schemes. The Bank has no liability for future fund benefits other than the voluntary contribution made by employees who agree to contribute to the scheme.

18.5.11 *Leases*

Leases where the lessor effectively retains substantially all risks and benefits of ownership are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease term in accordance with Accounting Standard -19, Leases.

18.5.12 *Income taxes*

Tax expense comprises current and deferred tax. Current tax comprises of the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed there under. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, all deferred tax assets are recognized only if there is virtual certainty of realization of such assets supported by convincing evidence. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

18.5.13 *Provisions and contingent assets/liabilities*

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or a present obligation that arises from past events that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The Bank does not recognize a contingent liability but discloses its existence in the restated financial statements

In accordance with AS 29, Provisions, Contingent Liabilities and Contingent Assets, the Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the restated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

18.5.14 *Cash and Cash equivalents*

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

18.5.15 *Corporate social responsibility*

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss account.

18.5.16 Debit and credit cards reward points

The Bank estimates the probable redemption of debit and credit card reward points and cost per point using actuarial valuation method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends.

Provisions for liabilities on said reward points are made based on the actuarial valuation report as furnished by the said independent actuary and included in other liabilities.

18.5.17 Bullion

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on a price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified in other income. The Bank also deals in bullion on a borrowing and lending basis and the interest paid / received thereon is classified as interest expense / income respectively.

18.5.18 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

18.5.19 Segment information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

18.5.20 Priority Sector Lending Certificates (PSLC)

The Bank, in accordance with RBI circular FIDD.CO.Plan.BC.23/ 04.09.01/2015-16 dated April 7, 2016, trades in priority sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

18.6 Capital

18.6.1 Equity Issue

During the financial year ended March 31, 2020, the Bank has issued 231,055,018 equity shares of ₹ 2 each for cash pursuant to a Qualified Institutions Placement (QIP) at ₹ 83.55 aggregating to ₹ 19,304.64 million.

On March 13, 2020, the Government of India notified the "Yes Bank Ltd. Reconstruction Scheme, 2020" (Scheme). As per the Scheme, authorized capital has been increased from ₹ 11,000 million to ₹ 62,000 million (₹ 8,000 million as at March 31, 2019). The State Bank of India (SBI) and other investors invested in the Bank at a price of ₹ 10 per equity share of the Bank (₹ 2 face value with a ₹ 8 premium). As per the scheme, SBI is required to hold upto 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a 3 year lock in). Other investors are subject to a 3 year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in YES Bank are also subject to a lock in for 75% of their holding as per this Scheme. Further, as per final reconstruction scheme of the Bank, Bank has issued 10,000 million equity shares at ₹ 10 each aggregating to ₹ 100,000.00 million.

The share allotment under reconstruction scheme is given below:

Sr No.	Name of Investor	Subscription Amount (₹ in million)	Number of Equity Shares Allotted (in Million)
1	State Bank of India	60,500	6,050
2	Housing Development Finance Corporation Limited	10,000	1,000
3	ICICI Bank Limited	10,000	1,000
4	Axis Bank Limited	6,000	600
5	Kotak Mahindra Bank Limited	5,000	500
6	The Federal Bank Ltd	3,000	300
7	Bandhan Bank Limited	3,000	300
8	IDFC First Bank Limited	2,500	250
	TOTAL	100,000	10,000

The Bank accreted ₹ 79,550.00 million (net of estimated share issue expenses of ₹ 450.00 million) as premium. The Bank also issued 4,384,174 shares pursuant to the exercise of stock option aggregating to ₹ 284.53 million. During the financial year ended March 31, 2019, the Bank has issued 12,065,794 shares pursuant to the exercise of stock option aggregating to ₹ 953.47 million.

On September 8, 2017, the shareholders of the Bank approved the sub-division of each equity share having a face value of ₹ 10 into five equity shares having a face value of ₹ 2 each through postal ballot. The record date for the sub-division was September 22, 2017. All shares and per share information in the restated financial results reflect the effect of such sub-division.

During the financial year ended March 31, 2018, the Bank has issued 20,538,180 shares pursuant to the exercise of stock option aggregating to ₹ 1,378.65 million.

Movement in Share Capital

(₹ in million)

Share Capital	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Opening Share Capital	4,630.07	4,605.93	4,564.86
Addition due to exercise of Stock Option	8.76	24.13	41.07
Addition due to shares issued for QIP	462.11	-	-
Addition due to shares issued under Reconstruction scheme	20,000.00	-	
Closing Share Capital	**25,100.94**	**4,630.07**	**4,605.93**

18.6.2 Proposed Dividend:

The Bank has made loss during the year and as consequence to that the Bank has not declared any dividend. Further, the Reserve Bank of India, vide its circular dated April 17, 2020, has declared that banks shall not make any further dividend payouts from profit pertaining to financial year ended March 31, 2020, until further instructions with the view to conserve capital in the environment of heightened uncertainly caused by COVID- 19.

For FY2019, the Board of Directors of the Bank has recommended a dividend of ₹ 2 per equity share for approval by shareholders at the 15th Annual General Meeting. If approved, the total liability arising to the Bank would be ₹ 5,582.01 million, including dividend tax (previous year ₹ 7,503.64 million). The actual dividend payout may however change due to equity shares options exercised by employees between the end of the financial year and the dividend declaration date.

For FY 2018, the Board of Directors of the Bank has recommended a dividend of ` 2.70 per equity share for approval by shareholders at the 14th Annual General Meeting. If approved, the total liability arising to the Bank would be ` 7,496.43 million, including dividend tax (previous year ` 6,605.48 million). The actual dividend payout may however change due to equity shares options exercised by employees between the end of the financial year and the dividend declaration date.

18.6.3 Capital Reserve

Profit on sale of investments in the Held to Maturity category is credited to the Profit and Loss Account and thereafter appropriated to capital reserve (net of applicable taxes and transfer to statutory reserve requirements). During the year ₹6,655.51 million (net of applicable taxes only) (previous year: ₹1,010.10 million and FY 2018 ₹659.65 million) was transferred to Capital Reserve.

18.6.4 Investment Reserve

The Bank has transferred ₹ 147.23 million to Investment Reserve (Previous year: ₹ 6.71 million and FY 2018 ₹ Nil) (net of applicable taxes and transfer to statutory reserve requirements) on provisions for depreciation on investments credited to Profit and Loss Account.

18.6.5 Cash Flow Hedge Reserve

The Bank has debited ₹15.53 million to Cash Flow Hedge Reserve (Previous year: credited ₹218.73 million and FY 2018 debited ₹83.92 million) on cross currency interest rate swaps which are used by the Bank to hedge its foreign currency borrowings and have been designated as cash flow hedges and are measured at fair value.

18.6.6 *Investment Fluctuation Reserve (IFR)*

The Bank had made losses during the year ended March 31, 2020, and hence the Bank has transferred Nil in IFR (Previous year: ₹ 539.07 million and FY 2018 ₹Nil).

18.6.7 *Capital Adequacy Ratio*

Capital Adequacy Ratio as per RBI guidelines as at March 31, 2020 is given below:

(₹ in million)

Basel – III	**As at March 31, 2020**	**As at March 31, 2019**	**As at March 31, 2018**
Common Equity Tier I	151,738.68	256,989.71	248,503.97
Additional Tier I Capital	3,414.00	87,871.00	88,879.76
Tier-1 capital	**155,152.68**	**344,860.71**	**337,383.73**
Tier-2 capital	152,940.48	159,730.59	132,373.34
Total capital	**308,093.16**	**504,591.30**	**469,757.06**
Credit Risk – Risk Weighted Assets (RWA)	2,036,091.58	2,678,862.12	2,232,542.97
Market Risk – RWA	137,164.65	191,932.33	181,613.67
Operational Risk – RWA	228,985.68	184,986.56	139,276.11
Total risk weighted assets	**2,402,241.90**	**3,055,781.01**	**2,553,432.74**
Common Equity capital adequacy ratio (%)	**6.3%**	**8.4%**	**9.7 %**
Tier-1 capital adequacy ratio (%)	**6.5%**	**11.3%**	**13.2 %**
Tier-2 capital adequacy ratio (%)(*)	**2.0%**	**5.2%**	**5.2 %**
Total capital adequacy ratio (%)	**8.5%**	**16.5%**	**18.4 %**
Amount raised during the year by issue of IPDI	**-**	**-**	54,150.00
Amount raised during the year by issue of Tier II Capital	**-**	**30,420.00**	**70,000.00**

** Tier I ratio of the Bank was below the regulatory minimum requirements and hence as per RBI guidelines Tier II ratio is restricted to 2%*

18.6.8 *Tier I and Tier II Capital*

During the financial year ended March 31 2020, the Bank has not issued Tier I or Tier II instruments.

During the financial year ended March 31 2019, the Bank has issued Tier II instruments amounting to ₹30,420 million:

(₹ in million)

Particulars	**Nature of Security**	**Date of Issue**	**Coupon Rate (%)**	**Tenure**	**Amount**
Rated Listed Non-convertible, Redeemable, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures	Debentures	September 17, 2018	9.12	10 Years	30,420
				TOTAL	**30,420**

During the financial year ended March 31 2018, the Bank has issued additional Tier I instruments amounting to ₹ 54,150 million and Tier II instruments amounting to ₹ 70,000 million:

(₹ in million)

Particulars	Nature of Security	Date of Issue	Coupon Rate (%)	Tenure	Amount
Rated, Listed, Non Convertible, Redeemable, Unsecured, Basel III Compliant Tier II Bonds in the nature of debentures	Debentures	September 29, 2017	7.80	10 Years	25,000.00
Rated, Listed, Non Convertible, Redeemable, Unsecured, Basel III Compliant Tier II Bonds in the nature of debentures	Debentures	October 03, 2017	7.80	9 Years 11 Months & 28 Days	15,000.00
Perpetual Subordinated Unsecured Basel III Compliant Additional Tier I Bonds In The Nature Of Debentures	Debentures	October 18, 2017	9.00	Perpetual	54,150.00
Rated, Listed, Non Convertible, Redeemable, Unsecured, Basel III Compliant Tier II Bonds in the nature of debentures	Debentures	February 22, 2018	8.73	10 Years	30,000.00
				TOTAL	**1,24,150.00**

Write Down of AT1 Bonds

On March 13, 2020, pursuant to the provisions of Section 45 of the Banking Regulation Act, 1949, the Reserve Bank of India (RBI) reconstituted YES Bank Limited (“the Bank”). As a consequence of the reconstitution, the Bank was deemed to be non-viable. Further, the Bank incurred losses and breached RBI mandated Common Equity Ratio (CET 1) and other statutory ratios. This activated the triggers for write-down of Basel III additional tier 1 Bonds amounting to ₹ 84,150 million ("AT 1 Bonds") issued by the Bank. Accordingly, the Bank was constrained to write down AT Bonds on March 14, 2020. The Trustees, on behalf of the holders of AT 1 Bonds have filed a writ petition seeking to challenge the decision of the Bank to write down AT 1 bonds. The Bank, based on the legal opinion of its external independent legal counsel is of the view that the merits of the Bank’s decision to write down the AT 1 bonds in accordance with the contractual terms for issuance of AT 1 Bonds.

Interest on Additional Tier I Capital (Unsecured, Non-Convertible, Tier I Subordinated Perpetual Bonds in the nature of Promissory Notes issued under Basel II guidelines) amounting to ₹ 84.0 million was not paid by the Bank as the regulatory ratio of the Bank were lower than the minimum required.

18.6.9 Investments

I) Value of Investments

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Gross value of Investments	**514,465.51**	**905,718.50**	**687,662.67**
- In India	509,999.97	782,311.14	677,302.96
- Outside India	4,465.54	123,407.36	10,359.71
Provision for depreciation*	**75,317.25**	**10,498.17**	**3,673.29**
- In India	72,363.27	10,219.73	3,667.74
- Outside India	2,953.98	278.45	5.55
Net Value of Investments	**439,148.26**	**895,220.33**	**683.989.39**
- In India	437,636.70	772,091.41	673,635.22
- Outside India	1,511.56	123,128.92	10,354.16

* Includes a provision of ₹ 68,254.23 million (FY 2019 ₹ 987.81 million) (FY 2018 ₹ 606.24 million) held for non performing investments

II) Movement of provisions held towards depreciation on investments

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Opening Balance	**10,498.18**	**3,673.29**	**1,073.85**
Add: Provision made during the year	64,819.07	7,166.05	2,617.68
Less: Write off / write back of provision during the year	-	341.16	18.24
Closing Balance	**75,317.25**	**10,498.18**	**3,673.29**

Sales and transfers of securities to/from Held to Maturity (HTM) category

During the year ended March 31, 2020, the Bank has sold and transferred securities from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM. The book value of HTM investment sold during the year ended March 31, 2020 was ₹ 241,592.9 million. The market value of investments (excluding investments in subsidiaries) under HTM category was ₹ 316,942.3 million and was higher than the book value thereof as at March 31, 2020.

FY 2019

The Bank has not sold or transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, shifting of securities explicitly permitted by the Reserve Bank from time to time, sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and repurchase of Government securities by Government of India from banks as permitted by RBI.

FY 2018

The Bank has not sold or transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, shifting of securities explicitly permitted by the Reserve Bank from time to time, sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and repurchase of Government securities by Government of India from banks as permitted by RBI.

18.6.10 Repo Transactions

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2020:

(₹ in million)

	Minimum outstanding during the year	**Maximum outstanding during the year**	**Daily average outstanding during the year**	**As at 31-Mar-20**
Securities sold under repos				
i) Government Securities	-	250,626.15	75,718.15	4,000.00
ii) Corporate debt securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	-	104,176.27	12,596.33	-
ii) Corporate debt securities	-	-	-	-

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2019:

(₹ in million)

	Minimum outstanding during the year	**Maximum outstanding during the year**	**Daily average outstanding during the year**	**As at 31-Mar-19**
Securities sold under repos				
i) Government Securities	-	69,230.88	11,884.73	4,996.81
ii) Corporate debt securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	-	96,027.29	20,868.98	20,310.16
ii) Corporate debt securities	-	-	-	-

The above table represents the book value of securities sold and purchased under repos, triparty repos (TREPS) and reverse repos with interbank counterparties. It does not include securities sold and purchased under Liquidity Adjusted Facility (LAF) with RBI.

The details of securities sold and purchased under repos and reverse repos during the year ended March 31, 2018:

(₹ in million)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As at 31-Mar-18
Securities sold under repos				
i) Government Securities	-	48,441.62	4,078.77	5,311.40
ii) Corporate debt securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	511.25	85,267.55	20,442.17	47,459.65
ii) Corporate debt securities	-	-	-	-

The above table represents the book value of securities sold and purchased under repos, triparty *repos (TREPS) and reverse repos with interbank counterparties. It does not include securities sold and purchased under Liquidity Adjusted Facility (LAF) with RBI.*

Non-SLR Investment Portfolio

i. Issuer composition of Non SLR investments

Issuer composition of Non SLR investments as at March 31, 2020 is given below:

(₹ in million)

No	Issuer	Amount	Extent of private placement (a)	Extent of 'below investment grade' securities (b)	Extent of 'unrated' securities # (c)	Extent of 'unlisted' securities* (d)
i)	PSUs	-	-	-	-	-
ii)	Financial Institutions	115,898.28	79,892.87	79,318.77	3,065.10	9,236.96
iii)	Banks	-	-	-	-	-
iv)	Private Corporates	31,286.71	30,894.21	19,950.00	525.62	5,907.34
v)	Subsidiaries/ Joint ventures	2,390.00	2,390.00	-		2,390.00
vi)	Others	35,678.82	35,442.14	-	-	35,442.14
vii)	Provision held towards depreciation**	(75,174.72)				
	Total	**110,079.10**	**148,619.22**	**99,268.77**	**3,590.71**	**52,976.44**

**Investments amounting to* ₹ 49,426.43*million are exempted from applicability of RBI prudential limit for Unlisted Non-SLR securities*
 # excludes investment in equity shares and units, non –Indian government securities of IBU and non SLR government of India securities
*** Includes a provision of ₹68,254.23 million held for non performing investments*
Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.

Issuer composition of Non SLR investments as at March 31, 2019 is given below:

(₹ in million)

No	Issuer	Amount	Extent of private placement (a)	Extent of 'below investment grade' securities (b)	Extent of 'unrated' securities # (c)	Extent of 'unlisted' securities* (d)
i)	PSUs	1,112.80	1,112.80	-	-	62.80
ii)	Financial Institutions	129,659.42	86,742.28	-	3,065.10	15,756.38
iii)	Banks	696.05	0.00	-	0.00	696.05
iv)	Private Corporates	51,852.94	51,132.73	5,500.00	525.62	7,799.85
v)	Subsidiaries/ Joint ventures	2,240.00	2,240.00	-		2,240.00
vi)	Others	166,501.23	45,644.20	-	-	166,241.23
vii)	Provision held towards depreciation**	(10,453.24)	-			
	Total	**341,609.21**	**186,872.01**	**5,500.00**	**3,590.71**	**192,796.31**

Investments amounting to ₹189,246.31 million are exempted from applicability of RBI prudential limit for Unlisted Non-SLR securities
 # excludes investment in equity shares and units, non –Indian government securities of IBU and non SLR government of India securities
*** Includes a provision of ₹987.81 million held for non performing investments*
Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive.

Issuer composition of Non SLR investments as at March 31, 2018 is given below:

(₹ in millions)

No	Issuer	Amount	Extent of private placement (a)	Extent of 'below investment grade' securities (b)	Extent of 'unrated' securities # (c)	Extent of 'unlisted' securities* (d)
i)	PSUs	5,423.34	911.70	-	-	5,423.34
ii)	Financial Institutions	53,731.19	53,726.19	-	264.19	264.19
iii)	Banks	30.22	30.22	-	0.00	0.00
iv)	Private Corporates	102,809.99	91,650.26	50.00	568.12	12,863.92
v)	Subsidiaries/ Joint ventures	1,055.00	1,055.00	-	-	1,055.00
vi)	Others	35,481.69	32,030.53	-	-	35,481.69
vii)	Provision held towards depreciation**	(3,402.88)	-	-	-	-
	Total	**195,128.56**	**179,403.90**	**50.00**	**832.31**	**55,088.14**

**Investments amounting to ₹51,538 millions are exempted from applicability of RBI prudential limit for Unlisted Non-SLR securities.*
 # excludes investment in equity shares and units.
*** Includes a provision of ₹606.24 million held for non performing investments*
Amounts reported under columns (a), (b), (c) and (d) above are not mutually exclusive

ii. Non-Performing Investments

(₹ in million)

Particulars	March 31, 2020	March 31, 2019	March 31, 2018
Opening Balance	1,154.08	674.94	460.09
Additions during the year	91,069.68	479.14	285.76
Reductions during the year	-	-	70.91
Closing Balance	92,223.76	1,154.08	674.94
Total Provision Held	68,254.23	987.81	606.24

18.6.11 *Derivatives*

Forward Rate Agreement/ Interest Rate Swap

The details of Forward Rate Agreements / Interest Rate Swaps outstanding as at March 31, 2020 is given below:

(₹ in million)

Sr. No	Items	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
i)	The notional principal of swap agreements	1,866,270.43	1,702,671.19	1,141,440.35
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements[1]	4,408.91	2,740.33	1,760.74
iii)	Collateral required by the bank upon entering into swaps	-	-	-
iv)	Concentration of credit risk arising from the swaps [Percentage Exposure to Banks] [1]	11.02%	12.75%	21.56 %
	[Percentage Exposure to PSUs] [1]	27.25%	22.14%	52.29 %
v)	The fair value of the swap book [2]	(741.28)	(1,661.03)	(285.43)
	- *INBMK*	(696.49)	(179.66)	(39.32)
	- *MIBOR*	(380.88)	(1,280.48)	(317.97)
	- *MIFOR*	(993.94)	(542.91)	129.79
	- *FCY IRS*	1,330.02	342.03	(57.93)

[1] *Losses and Credit risk concentration are measured as net receivable under swap contracts*

[2] *Fair values represent mark-to-market including accrued interest.*

The nature and terms of the Rupee IRS as on March 31, 2020 are set out below:

(₹ in million)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	10	12,000.00	INBMK	Fixed Payable V/S Floating Receivable
Trading	1	1,000.00	INBMK	Fixed Receivable V/S Floating Payable
Trading	743	290,287.95	MIBOR	Fixed Payable V/S Floating Receivable
Trading	741	278,097.10	MIBOR	Fixed Receivable V/S Floating Payable
Trading	249	93,574.20	MIFOR	Fixed Payable V/S Floating Receivable
Trading	178	69,019.80	MIFOR	Fixed Receivable V/S Floating Payable

The nature and terms of the FCY IRS as on March 31, 2020 are set out below:

(₹ in million)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	2	36,103.25	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	744	404,022.83	USD LIBOR	Fixed Payable V/S Floating Receivable
Trading	718	407,992.62	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	191	245,277.18	USD LIBOR	Floating Payable V/S Floating Receivable
Trading	35	4,562.73	EURIBOR	Fixed Payable V/S Floating Receivable
Trading	53	5,265.57	EURIBOR	Fixed Receivable V/S Floating Payable
Trading	1	139.26	JPY LIBOR	Fixed Payable V/S Floating Receivable
Trading	13	9,181.95	GBP LIBOR	Fixed Payable V/S Floating Receivable
Trading	13	9,659.74	GBP LIBOR	Fixed Receivable V/S Floating Payable
Trading	1	86.25	AUD LIBOR	Fixed Receivable V/S Floating Payable

The nature and terms of the Rupee IRS as on March 31, 2019 are set out below:

(₹ in million)

Nature	Nos	Notional Principal	Benchmark	Terms
Trading	13	15,760.00	INBMK	Fixed Payable V/S Floating Receivable
Trading	1	1,000.00	INBMK	Fixed Receivable V/S Floating Payable
Trading	630	278,870.61	MIBOR	Fixed Payable V/S Floating Receivable
Trading	645	261,024.55	MIBOR	Fixed Receivable V/S Floating Payable
Trading	266	103,934.30	MIFOR	Fixed Payable V/S Floating Receivable
Trading	173	64,632.70	MIFOR	Fixed Receivable V/S Floating Payable

The nature and terms of the FCY IRS as on March 31, 2019 are set out below:

(₹ in million)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	2	32,997.03	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	611	347,201.72	USD LIBOR	Fixed Payable V/S Floating Receivable
Trading	548	339,546.98	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	228	225,530.36	USD LIBOR	Floating Payable V/S Floating Receivable
Trading	36	4,728.11	EURIBOR	Fixed Payable V/S Floating Receivable
Trading	42	5,304.32	EURIBOR	Fixed Receivable V/S Floating Payable
Trading	1	124.84	JPY LIBOR	Fixed Payable V/S Floating Receivable
Trading	14	11,152.68	GBP LIBOR	Fixed Payable V/S Floating Receivable
Trading	3	10,863.00	GBP LIBOR	Fixed Receivable V/S Floating Payable

The nature and terms of the Rupee IRS as on March 31, 2018 are set out below:

(₹ in million)

Nature	Nos	Notional Principal	Benchmark	Terms
Hedging	2	750.00	MIFOR	Fixed Payable V/S Floating Receivable
Trading	13	15,760.00	INBMK	Fixed Payable V/S Floating Receivable
Trading	1	1,000.00	INBMK	Fixed Receivable V/S Floating Payable
Trading	473	235,350.32	MIBOR	Fixed Payable V/S Floating Receivable
Trading	498	206,242.32	MIBOR	Fixed Receivable V/S Floating Payable
Trading	252	95,332.30	MIFOR	Fixed Payable V/S Floating Receivable

Nature	Nos	Notional Principal	Benchmark	Terms
Trading	134	54,299.10	MIFOR	Fixed Receivable V/S Floating Payable

The nature and terms of the FCY IRS as on March 31, 2018 are set out below:

(₹ in million)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	2	39,105.00	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	400	201,337.24	USD LIBOR	Fixed Receivable V/S Floating Payable
Trading	400	174,714.57	USD LIBOR	Fixed Payable V/S Floating Receivable
Trading	162	102,673.66	USD LIBOR	Floating Receivable V/S Floating Payable
Trading	18	2,652.59	EURIBOR	Fixed Receivable V/S Floating Payable
Trading	18	2,872.49	EURIBOR	Fixed Payable V/S Floating Receivable
Trading	1	123.01	JPY LIBOR	Fixed Payable V/S Floating Receivable
Trading	2	4,613.88	GBP LIBOR	Fixed Payable V/S Floating Receivable
Trading	2	4,613.88	GBP LIBOR	Fixed Receivable V/S Floating Payable

18.6.12 Un-hedged / uncovered foreign currency exposure of the Bank

The Bank's foreign currency exposures as at March 31, 2020 that are not hedged/covered by either derivative instruments or otherwise are within the Net Overnight Open Position limit (NOOP) and the Aggregate Gap limit, as approved by the RBI. NOOP is ₹ 5,561.32 million as at March 31, 2020 (March 31, 2019 ₹ 2,205.59 million and March 31, 2018 ₹ 1,353.36 million).

18.6.13 Exchange Traded Interest Rate Derivatives

The following table sets forth, for the period indicated, the details of exchange traded interest rate derivatives:

(₹ in million)

Sr.No.	Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
1	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year :			
	- 6.79% Government Securities 2027	-	22,884.80	35,757.20
	-7.17% Government Securities 2028	66,193.40	173,803.40	-
	-6.68% Government Securities 2031	750.00	750.00	-
	-7.26% Government Securities 2029	207,328.40	-	-
	-7.27% Government Securities 2026	4,000.00	-	-
	-7.57% Government Securities 2033	5,050.00	-	-
	-6.45% Government Securities 2029	51,647.20	-	-
2	Notional Principal amount of exchange traded interest rate derivatives outstanding-			

	-7.17% Government Securities 2028	-	4,945.00	-
	-6.68% Government Securities 2031	-	750.00	-
	-6.45% Government Securities 2029	50.00	-	-
3	Notional Principal amount of exchange traded interest rate derivatives outstanding and not "highly effective"			N.A.
4.	Mark-to-Market value of exchange traded interest rate derivatives outstanding and not "highly effective"			N.A.

18.6.14 Currency Futures

The Bank had dealt in exchange traded currency forwards (Futures) during the financial year ended March 31, 2020, March 31, 2019 and March 31, 2018. As at March 31, 2020 the open contracts on the exchange were Nil and for March 31, 2019 were to the tune of USD 4.10 million (₹ 285.29 million) for April 2019 expiry and for March 31, 2018 – Nil open contracts.

18.6.15 Disclosures on risk exposure in derivatives

As per RBI Master circular DBR.BP.BC.No.23/21.04.018/2015-16 dated July 1, 2015, the following disclosures are being made with respect to risk exposure in derivatives of the Bank:

a) Purpose: The Bank uses Derivatives including Forwards & swaps for various purposes including hedging its currency and interest rate risk in its balance sheet, customer offerings and proprietary trading. The management of these products and businesses is governed by Market Risk Policy, Investment Policy, Derivatives Policy, Derivatives Appropriate ness Policy, Hedging Policy and ALM policy.

b) Structure: The Board of Directors of the Bank have constituted a Board level sub-committee, the Risk Monitoring Committee ('RMC') and delegated to it all functions and responsibilities relating to the risk management policy of the Bank and its supervision thereof.

c) As part of prudent business and risk management practice, the Bank has also instituted a comprehensive limit and control structure encompassing Value-at-Risk (VAR), Sensitivity, Greeks, Stop loss & credit limits for derivative transactions including suitability and appropriateness framework. The Bank has an internal reporting mechanism providing regular reports to the RMC as well as to the management of the Bank. Such a structure helps the Bank to monitor and mitigate market risk across FX and interest rates.

d) The Bank has an independent Middle Office and Market Risk functions, which are responsible for monitoring, measurement, and analysis of derivative related risks, among others. The Bank has a Credit Risk Management unit which is responsible for setting up counterparty limits and also a treasury operation unit which is responsible for managing operational aspects of derivatives including settlement of transactions. The Bank is subject to a concurrent audit for all treasury transactions, including derivatives transactions, a monthly report of which is periodically submitted to the Audit & Compliance Committee of the Bank.

e) In addition to the above, the Bank independently evaluates the potential credit exposure on account of all derivative transactions, wherein risk limits are specified separately for each product, in terms of both credit exposure and tenor. As mandated by the Credit Policy of the Bank, the Bank has instituted an approval structure for all treasury/derivative related credit exposures. Wherever necessary, appropriate credit covenants are stipulated as trigger events to call for collaterals or terminate transaction and contain the risks.

f) The Bank reports all trading positions to the management on a daily basis. The Bank revalues its trading position on a daily basis for Management and Information System ('MIS') and control purposes and records the same in the books of accounts on a monthly basis.

g) For derivative contracts in the banking book designated as hedge, the Bank documents at the inception of the relationship between the hedging instrument and the underlying exposure, the risk management objective for undertaking the hedge and the ALCO monitors all outstanding hedges on a periodical basis. Further the Bank's 'Hedging Policy' has stipulated conditions to ensure that the Hedges entered into are effective.

h) Refer Note 18.5.6 for accounting policy on derivatives.

The details of derivative transactions as at March 31, 2020, March 31, 2019 and MARCH 31, 2018 are given below:

(₹ in million)

Sr. No	Particular	Currency derivatives [1]			Interest rate derivatives [4]		
		As at March 31, 2020	**As at March 31, 2019**	**As at March 31, 2018**	**As at March 31, 2020**	**As at March 31, 2019**	**As at March 31, 2018**
i)	**Derivatives (Notional Principal Amount)**						
	a) For hedging	5,642.15	24,894.18	27,349.32	36,103.25	32,997.03	39,855.00
	b) For trading	542,581.81	837,853.50	756,398.59	1,830,218.15	1,675,217.65	1,101,585.35
ii)	**Marked to market positions[2]**						
	a) Asset (+)	19,535.19	11,870.11	9,189.21	30,747.24	11,227.54	5,481.15
	b) Liability (-)	23,096.02	12,210.08	8,273.63	33,599.65	13,228.06	5,599.59
iii)	**Credit exposure[3]**	58,076.46	64,931.17	56,452.85	47,601.51	26,289.71	17,500.44
iv)	**Likely impact of one percentage change in interest rate (100*PV01)** (Refer Note 1&2 below)						
	a) on hedging derivatives	71.75	320.47	479.20	941.23	1,103.47	1,726.80
	b) on trading derivatives	725.32	1,283.29	535.57	1,425.50	2,205.81	2,100.19
v)	**Maximum and minimum of 100*PV01 observed during the year** (Refer Note 1&2 below)						
	a) on hedging						
	Maximum	339.25	564.00	604.30	1,209.84	1,779.17	1,798.95
	Minimum	71.40	308.14	364.25	848.67	1,082.50	3.62
	b) on trading						
	Maximum	1,455.90	1,368.24	1,025.93	2,362.83	2,932.88	2,216.24
	Minimum	670.30	348.04	409.68	1,200.15	1,654.17	1,394.45

[1] *Currency derivatives includes options purchased and sold, cross currency interest rate swaps and currency futures.*

[2] *Trading portfolio including accrued interest.*

[3] *Mark to Market for credit exposure includes accrued interest.*

[4] *Interest rate derivatives include Interest Rate Swaps, forward rate agreements and exchange traded interest rate derivatives.*

Note:

1) *Denotes absolute value of loss which the Bank could suffer on account of a change in interest rates by 1% which however doesn't capture the off-setting exposures between interest rate and currency derivatives.*

2) *PV01 exposures reported above may not necessarily indicate the interest rate risk the Bank is exposed to, given that PV01 exposures in Investments (which may offset the PV01 reflected above) do not form part of the above table.*

3) *The notional principal amount of foreign exchange contracts classified as trading at March 31, 2020 amounted to ₹ 1,496,207.26 million (Previous year ₹2,816,549.88 million and FY 2018 ₹2,999,631.85 million)). For these trading contracts, as on March 31, 2020, marked to market position was asset of ₹34,541.65 million (Previous year: ₹40,879.82 million, FY 2018 ₹21,147.95 million) and liability of ₹33,551.58 million (Previous Year: ₹42,674.09 million, FY 2018 ₹20,920.03 million). The notional principal amount of foreign exchange contracts classified as hedging at March 31, 2020 amounted to ₹23,260.15 million (previous year: ₹17,548.88 million, FY 2018 ₹816.98 million). Credit exposure on forward exchange contracts at March 31, 2020 was ₹57,079.44 million (Previous Year: ₹101,707.60 million, FY 2018 ₹93,577.45 million) of which exposure on CCIL is ₹28,336.86 million (Previous Year: ₹55,019.15 million, FY 2018 ₹56,459.69 million).*

Asset quality

18.6.16 Non-Performing Advances

The details of movement of gross NPAs, net NPAs and provisions during the year ended March 31, 2020, during the year ended March 31, 2019 and the year ended March 31, 2018 are given below :

(₹ in million)

No.	Particulars	March 31, 2020	March 31, 2019	March 31, 2018
(i)	Net NPA to Net Advances	5.03%	1.86%	0.64 %
(ii)	Movement of NPAs (Gross)			
	(a) Opening balance	78,825.60	26,268.02	20,185.57
	(b) Additions (Fresh NPAs during the year)	372,724.86	79,703.31	82,157.37
	Subtotal (A)	451,550.46	105,971.33	102,342.94
	Less:			
	(i) Up-gradations	25,593.93	11,149.95	33,264.06
	(ii) Recoveries	28,760.66	11,306.45	35,724.93
	(iii) Write-offs (including Technical Write Off)	68,419.98	4,689.33	7,085.93
	Sub-total (B)	122,774.57	27,145.73	76,074.92
	Gross NPAs (closing balance) (A-B)	328,775.89	78,825.60	26,268.02
(iii)	Movement of Net NPAs			
	(a) Opening Balance	44,848.50	13,127.46	10,722.68
	(b) Additions during the year	85,296.67	50,002.04	68,015.64
	(c) Reductions during the year	43,907.37	18,281.00	65,610.86
	(d) Closing balance	86,237.80	44,848.50	13,127.46
(iv)	Movement of provisions for NPAs (excluding provision on standard assets)			
	(a) Opening balance	33,977.10	13,140.56	9,462.89
	(b) Additions during the year	287,428.19	29,701.27	14,141.74
	(c) write off / write back of excess provision	78,867.20	8,864.73	10,464.07
	(d) Closing balance	242,538.09	33,977.10	13,140.56

From the quarter ended December 31, 2019, the Bank considers slippages in Corporate NPAs post the period end till the date of results / financial statement, while determining NPAs and related provisioning requirements. As a consequence NPA till March 13, 2020 was considered in the quarter ended December 2019 results. Subsequently, RBI gave guidelines vide circular dated March 27, 2020 and April 17, 2020 on COVID-19 Regulatory Package. Under which, the Bank granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 (later extended to August 31, 2020). The Bank in line with RBI circular has upgraded NPA's of ₹ 312.15 million (slipped between March 1, 2020 to March 13, 2020) which it had declared as NPA as at December 31, 2020.

During the financial year ended March 31, 2020, the Bank had written off certain NPA as a technical write off.

(₹ in million)

Particulars	March 31, 2020	March 31, 2019	March 31, 2018
Opening balance of Technical Write off as at April 01	-	-	-
Add: Technical Write off during the financial year	63,580.60	-	-
Less: Recoveries made from previously Technical Writt Accounts in previous financial year.	-	-	-
Closing balance of Technical Write off as at March 31	63,580.60	-	-

18.6.17 *Provision coverage Ratio*

The provision coverage ratio of the Bank as at March 31, 2020 computed as per the RBI guidelines is 73.77% (previous year 43.10%, FY 2018 50.02%)

18.6.18 *Divergence in Asset Classification and Provisioning for NPAs*

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019. banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period. As part of the Risk Based Supervision (RBS) exercise for FY 2018-19 concluded in November 2019, the RBI has pointed out certain retrospective divergence in the Bank's asset classification and provisioning as on March 31, 2019. In conformity with the above mentioned RBI circular, the below table outlines divergences in asset classification and provisioning.

Sr.	Particulars	(₹ in millions)
1	Gross NPAs as on March 31, 2019 as reported by the Bank	78,825.59
2	Gross NPAs as on March 31, 2019 as assessed by RBI	111,595.59
3	Divergence in Gross NPAs (2-1)	32,770.00
4	Net NPAs as on March 31, 2019 as reported by the Bank	44,848.49
5	Net NPAs as on March 31, 2019 as assessed by RBI	67,838.49
6	Divergence in Net NPAs (5-4)	22,990.00
7	Provision for NPAs as on March 31, 2019 as reported by the Bank	33,977.10
8	Provision for NPAs as on March 31, 2019 as assessed by RBI	43,757.10
9	Divergence in provisioning (8-7)	9,780.00
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2019	17,202.79
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning	10,840.31

FY 2019

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated 1" April, 2019. banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period. Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for FY2018

FY 2018

Divergence reported in financial of March 31, 2018.

- The Bank classifies performing and non-performing advances (NPAs) as per the RBI's Prudential Norms on Income recognition, Asset Classification and Provisioning.
- Based on application of RBI's prudential norms as stated above, the Bank classified and made the prescribed provisions against the NPAs as at the end of 31st March, 2017.
- As part of the Risk Based Supervision (RBS) exercise for FY 2016-17 concluded in October 2017, the RBI has pointed out certain retrospective divergence in the Bank's asset classification and provisioning as on 31st March 2017. In conformity with the RBI circulars DBR.BP.BC.NO.63/21.04.018/2016-17 issued on April 18, 2017, SEBI circular issued on July 18, 2017 and as per approval from the Board of Directors at its Board Meeting held on October 26, 2017, the below table outlines divergences in asset classification and provisioning.

Sr.	Particulars	(₹ in millions)
1	Gross NPAs as on March 31, 2017 as reported by the Bank	20,185.57
2	Gross NPAs as on March 31, 2017 as assessed by RBI	83,737.57
3	Divergence in Gross NPAs (2-1)	63,551.99
4	Net NPAs as on March 31, 2017 as reported by the Bank	10,722.68
5	Net NPAs as on March 31, 2017 as assessed by RBI	58,916.24
6	Divergence in Net NPAs (5-4)	48,193.56
7	Provision for NPAs as on March 31, 2017 as reported by the Bank	9,462.89
8	Provision for NPAs as on March 31, 2017 as assessed by RBI	24,821.38
9	Divergence in provisioning (8-7)	15,358.49
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2017	33,300.96
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning	23,161.28

The net current impact of the aforementioned retrospective slippages due to divergence noted by RBI in October 2017 has been duly reflected in the results for the year ended March 31, 2018.

Out of the total divergence current position as on Mar 31, 2018 is as under:

Particulars	(₹ in millions)	%
1. Net Repayments (In full / partial)*	24,343.47	38.30%
2. Sold to Asset Reconstruction Company (ARC) against Security Receipts** (non cash component)	8,031.58	12.64%
3. Outstanding as on March 31, 2018 (a+b):	31,176.94	49.06%
a) Upgraded as Standard on account of satisfactory account conduct	*26,326.94*	*41.43%*
*b) Classified as NPA****	*4,850.00*	*7.63%*
Total (1+2+3)	63,551.99	

* includes cash received from ARC for loans sold

** Recorded at Net book value of ₹ 5,681.97 million

*** Corresponding provision carried is 40%

18.6.19 Disclosure as per requirement of Prudential Framework for Resolution of Stressed Assets

As per requirement of RBI circular on Prudential Framework for Resolution of Stressed Assets dated June 7, 2019, below mentioned are details as of March 31, 2020.

Sr. No.	Description of Resolution Plan (RP)	No of cases	Aggregate Loan Outstanding (₹ in millions)
1	Payment of Overdues by the borrower	49	76,287.76
2	Restructuring / change in ownership outside IBC	-	-
3	Resolution pursued under IBC	-	-
4	Assignment of debt / recovery proceedings	-	-

18.6.20 Concentration of NPAs

Exposure (Funded + Non Funded) of the Bank to top four NPA is ₹85,314.08 million as at March 31, 2020 (previous year ₹32,843.86 million, FY 2018 ₹ 14,510.13 million).

18.6.21 Sector-wise Advances and NPA

The details of Sector-wise Gross Advances and Gross NPAs as at March 31, 2020 and March 31, 2019 are given below:

(*₹ in* million)

Sector	As at March 31, 2020			As at March 31, 2019		
	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector
Priority Sector						
Agriculture and Allied activities	79,647.00	4,673.54	5.87%	111,749.39	1,898.74	1.70%
Advances to industries sector eligible as priority sector lending	105,102.24	1,773.45	1.69%	129,938.12	524.80	0.40%
Gems and Jewellery	*20,304.04*	*24.28*	*0.12%*	*30,993.87*	*5.10*	*0.02%*
Textile	*13,420.26*	*100.57*	*0.75%*	*16,092.38*	*144.72*	0.90%
Services	263,133.75	4,407.02	1.67%	276,349.81	2,416.79	0.87%
Personal Loans	-	-	-	179.12	11.57	6.46%
Others	30,672.76	567.39	1.85%	23,134.42	142.80	0.62%
Sub-Total (A)	**478,555.75**	**11,421.40**	**2.39%**	**541,350.86**	**4,994.69**	**0.92%**
Non Priority Sector						
Agriculture and Allied activities	10,433.92	-	-	40,838.96	1,436.64	3.52%
Industry	791,414.54	197,295.10	24.93%	1,015,658.40	49,271.25	4.85%
Construction	*100,392.51*	*68,998.41*	*68.73%*	*123,099.91*	*6,533.30*	*5.31%*
Electricity (generation-transmission and distribution)	*91,443.87*	*25,943.61*	*28.37%*	*128,619.87*	*6,674.29*	*5.19%*
Services	496,107.12	117,654.36	23.77%	687,709.95	21,678.71	3.15%
Commercial Real Estate	*232,582.40*	*73,512.82*	*31.76%*	*238,146.48*	*11,369.22*	*4.77%*
NBFCs	*23,648.99*	*8,270.81*	*34.97%*	*69,941.58*	*73.55*	*0.11%*
Tourism, Hotel and Restaurants	*74,510.02*	*0.01*	*0.00%*	*120,061.67*	*99.24*	*0.08%*
Personal Loans	50,645.71	678.96	1.34%	43,403.39	514.21	1.18%
Others	129,813.98	1,726.06	1.33%	120,011.56	930.10	0.78%
Sub-Total (B)	**1,478,415.28**	**317,354.48**	**21.47%**	**1,907,622.26**	**73,830.90**	**3.87%**
Total (A+B)	**1,956,971.03**	**328,775.88**	**16.80%**	**2,448,973.12**	**78,825.60**	**3.22%**

The details of Sector-wise Gross Advances and Gross NPAs as at March 31, 2019 and March 31, 2018 are given below:

(₹ *in* million)

Sector	**As at March 31, 2019**			**As at March 31, 2018**		
	Gross Advances	**Gross NPAs**	**% of Gross NPAs to Gross Advances in that sector**	**Gross Advances**	**Gross NPAs**	**% of Gross NPAs to Gross Advances in that sector**
Priority Sector						
Agriculture and Allied activities	111,749.39	1,898.74	1.70%	108,333.92	1,152.95	1.06 %
Advances to industries sector eligible as priority sector lending	129,938.12	524.80	0.40%	101,882.22	559.16	0.55 %
Gems and Jewellery	*30,993.87*	*5.10*	*0.02%*	*24,830.95*	-	-
Services	276,349.81	2,416.79	0.87%	215,285.26	764.18	0.35 %
Personal Loans	179.12	11.57	6.46%	407.33	8.07	1.98%
Others	23,134.42	142.80	0.62%	22,107.22	16.60	0.08 %
Sub-Total (A)	**541,350.86**	**4,994.69**	**0.92%**	**448,015.95**	**2,500.96**	**0.56 %**
Non Priority Sector						
Agriculture and Allied activities	40,838.96	1,436.64	3.52%	5,319.14	-	-
Industry	1,015,658.40	49,271.25	4.85%	1,037,517.44	22,282.04	2.15 %
Construction	*123,099.91*	*6,533.30*	*5.31%*	*109,338.86*	*2,576.69*	*2.36 %*
Electricity (generation-transmission and distribution)	*128,619.87*	*6,674.29*	*5.19%*	*185,688.75*	*7,539.25*	*4.06 %*
Services	687,709.95	21,678.71	3.15%	450,248.18	1,060.75	0.24 %
Commercial Real Estate	*238,146.48*	*11,369.22*	*4.77%*	*146,172.40*	*115.93*	*0.08 %*
NBFCs	*69,941.58*	*73.55*	*0.11%*	-	-	-
Tourism, Hotel and Restaurants	*120,061.67*	*99.24*	*0.08%*	*67,879.79*	*108.00*	*0.16%-*
Personal Loans	43,403.39	514.21	1.18%	27,654.56	140.12	0.51 %
Others	120,011.56	930.10	0.78%	79,723.91	284.15	0.36 %
Sub-Total (B)	**1,907,622.26**	**73,830.90**	**3.87%**	**1,600,463.23**	**23,767.06**	**1.49 %**
Total (A+B)	**2,448,973.12**	**78,825.60**	**3.22%**	**2,048,479.18**	**26,268.02**	**1.28 %**

18.6.22 Restructured Accounts

The details of accounts Restructured during the year ended March 31, 2020 are given below:

(₹ in million)

No.	Type of Restructuring	Restructured Accounts as on April 1 of the FY (opening figures)			Fresh restructuring during the year			Down gradations of restructured accounts during the FY			Upgradations to restructured standard category during the FY			Write-offs/Sale/Recovery of restructured accounts during the FY			Restructured Accounts as on March 31 of the FY		
	Asset Classification	No. of borrowers	Amount outstanding as at March 31,2019	Provision thereon as at March 31,2019	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding as at March 31,2020	Provision thereon as at March 31,2020
1	**CDR**																		
	Standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	-	(0.00)	(0.00)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Doubtful	2.00	242.97	242.97	-	-	-	(2.00)	(242.97)	(242.97)	-	-	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	2.00	242.97	242.97	-	-	-	-	-	-	2.00	242.97	242.97
	Total	**2.00**	**242.97**	**242.97**	-	-	-	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**2.00**	**242.97**	**242.97**
2	**Others**																		
	Standard	-	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	1.00	22.74	3.41	-	-	-	(1.00)	(22.74)	(3.41)	-	-	-	-	-	-	-	-	-
	Doubtful	4.00	950.06	852.47	-	-	-	(1.00)	(243.97)	(146.38)	-	-	-	(1.00)	(289.29)	(289.29)	2.00	416.79	416.79
	Loss	-	-	-	-	-	-	2.00	266.71	149.79	-	-	-	-	(1.61)	115.31	2.00	265.10	265.10
	Total	**5.00**	**972.80**	**855.88**	-	-	-	**-**	**-**	**-**	-	-	-	**(1.00)**	**(290.90)**	**(173.99)**	**4.00**	**681.90**	**681.90**
3	**Grand Total**																		
	Standard	-	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	1.00	22.74	3.41	-	-	-	(1.00)	(22.74)	(3.41)	-	-	-	-	-	-	-	-	-
	Doubtful	6.00	1,193.03	1,095.44	-	-	-	(3.00)	(486.94)	(389.35)	-	-	-	(1.00)	(289.29)	(289.29)	2.00	416.79	416.79
	Loss	-	-	-	-	-	-	4.00	509.68	392.76	-	-	-	-	(1.61)	115.31	4.00	508.07	508.07
	Total	**7.00**	**1,215.77**	**1,098.85**	-	-	-	**-**	**-**	**-**	-	-	-	**(1.00)**	**(290.90)**	**(173.99)**	**6.00**	**924.87**	**924.87**

Restated Standalone Financial Statements for the year ended March 31, 2020

Notes:-

1. There are no SME cases which have been restructured during the year ended March 31, 2020 except those disclosed in point no 18.6.23 .
2. Divergence identified for the financial year ended March 31, 2019 on account of non compliance with RBI guidelines on restructuring are disclosed in Divergence Note (Note no. 18.6.18).
3. There have been no accounts upgraded from restructured advances during the year ended March 31, 2020
4. The outstanding amount and number of borrowers as at March 31, 2020 is after considering recoveries and sale of assets during the year.
5. The above table pertains to advances and does not include investment in shares which are fully provided for.
6. The provision in the above table includes Non Performing Advances Provision held on the restructured advances.
7. Additional facilities availed by borrowers in existing restructured accounts are disclosed under "Fresh restructuring during the year" and partial repayments in existing restructured accounts are disclosed under "Write-offs/sale/recovery of restructured accounts", however, for the purpose of arithmetical accuracy, the number of existing borrowers availing additional facility or partial repayments have been ignored for presentation purpose.
8. For the purpose of arithmetical accuracy as required by Para 3.4.2. (xii) of RBI circular no DBR.BP.BC.No.23/21.04.018/2015-16 movement in provisions in the existing restructured account as compared to opening balance, is disclosed under column fresh restructuring(for increase in provision) and write-off/sale/recovery(for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

Restated Standalone Financial Statements for the year ended March 31, 2020

The details of accounts Restructured during the year ended March 31, 2019 are given below:

₹ in million

No.	Type of Restructuring	Restructured Accounts as on April 1 of the FY (opening figures)			Fresh restructuring during the year			Downgradations of restructured accounts during the FY			Upgradations to restructured standard category during the FY			Write-offs/Sale/Recovery of restructured accounts during the FY			Restructured Accounts as on March 31 of the FY		
	Asset Classification	No. of borrowers	Amount outstanding as at March 31,2018	Provision thereon as at March 31,2018	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding as at March 31,2019	Provision thereon as at March 31,2019
1	**CDR**																		
	Standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Doubtful	2	248.48	248.48	-	-	-	-	-	-	-	-	-	-	(5.51)	(5.51)	2	242.97	242.97
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**2**	**248.48**	**248.48**	-	-	-	-	-	-	**-**	**-**	**-**	**-**	**(5.51)**	**(5.51)**	**2**	**242.97**	**242.97**
2	**Others**																		
	Standard	3	913.27	51.72				(1)	(38.79)	(1.94)	-	-	-	(2)	(874.47)	(49.78)	-	-	-
	Substandard	1	243.97	146.38			1.47	-	(205.18)	(144.44)	-	-	-		(16.06)		1	22.74	3.41
	Doubtful	4	1,161.13	617.10		0.20	289.78	1	243.97	146.38	-	-	-	(1)	(455.24)	(200.79)	4	950.06	852.47
	Loss	-	-	-							-	-	-				-	-	-
	Total	**8**	**2,318.37**	**815.21**	**-**	**0.20**	**291.25**	**-**	**-**	**-**	-	-	-	**(3)**	**(1,345.77)**	**(250.57)**	**5**	**972.80**	**855.88**
3	**Grand Total**																		
	Standard	3	913.27	51.72	-	-	-	(1.00)	(38.79)	(1.94)	-	-	-	(2)	(874.47)	(49.78)	-	-	-
	Substandard	1	243.97	146.38	-	-	1.47	-	(205.18)	(144.44)	-	-	-	-	(16.06)	-	1	22.74	3.41
	Doubtful	6	1,409.61	865.58	-	0.20	289.78	1.00	243.97	146.38	-	-	-	(1)	(460.75)	(206.30)	6	1,193.03	1,095.44
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**10**	**2,566.85**	**1,063.68**	**-**	**0.20**	**291.25**	**-**	**-**	**-**	-	-	-	**(3)**	**(1,351.28)**	**(256.08)**	**7**	**1,215.77**	**1,098.85**

Notes:-

1. There are no SME cases which have been restructured during the year ended March 31, 2019.
2. There have been no accounts upgraded from restructured advances during the year ended March 31, 2019
3. The outstanding amount and number of borrowers as at March 31, 2019 is after considering recoveries and sale of assets during the year.
4. The above table pertains to advances and does not include investment in shares which are fully provided for.
5. The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.
6. Additional facilities availed by borrowers in existing restructured accounts are disclosed under "Fresh restructuring during the year" and partial repayments in existing restructured accounts are disclosed under "Write-offs/sale/recovery of restructured accounts", however, for the purpose of arithmetical accuracy, the number of existing borrowers availing additional facility or partial repayments have been ignored for presentation purpose.
7. For the purpose of arithmetical accuracy as required by Para 3.4.2. (xii) of RBI circular no DBR.BP.BC.No.23/21.04.018/2015-16 movement in provisions in the existing restructured account as compared to opening balance, is disclosed under column fresh restructuring(for increase in provision) and write-off/sale/recovery(for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

Restated Standalone Financial Statements for the year ended March 31, 2020

The details of accounts Restructured during the year ended March 31, 2018 are given below:

₹ in million

No.	Type of Restructuring	Restructured Accounts as on April 1 of the FY (opening figures)			Fresh restructuring during the year			Downgradations of restructured accounts during the FY			Upgradations to restructured standard category during the FY			Write-offs/Sale/Recovery of restructured accounts during the FY			Restructured Accounts as on March 31 of the FY		
	Asset Classification	No. of borrowers	Amount outstanding as at March 31,2017	Provision thereon as at March 31,2017	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding	Provision thereon	No. of borrowers	Amount outstanding as at March 31,2018	Provision thereon as at March 31,2018
1	**CDR**																		
	Standard	1	9.52	0.48	-	-	-	-	-	-	-	-	-	(1)	(9.52)	(0.48)	-	0.00	0.00
	Substandard	2	281.48	212.29	-	-	-	(2.00)	(281.48)	(212.29)	-	-	-	-	-	-	-	(0.00)	(0.00)
	Doubtful	-	(0.00)	0.00	-	-	69.19	2.00	281.48	212.29	-	-	-	-	(33.00)	(33.00)	2	248.48	248.48
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**3**	**291.00**	**212.77**	**-**	**-**	**69.19**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(42.52)**	**(33.48)**	**2**	**248.48**	**248.48**
2	**Others**																		
	Standard	10	5,700.94	502.40	-	79.75	3.99	(5.00)	(1,489.19)	(280.10)	(2)	(3,347.93)	(167.40)	-	(30.29)	(7.17)	3	913.27	51.72
	Substandard	-	0.00	0.00	-		109.79	1.00	243.97	36.60	-	-	-	-	-	-	1	243.97	146.38
	Doubtful	2	97.44	65.25	-	23.59	373.59	4.00	1,245.22	243.51	(1)	(52.93)	(20.74)	(1)	(152.19)	(44.51)	4	1,161.13	617.10
	Loss	-	-	-	-												-	-	-
	Total	**12**	**5,798.38**	**567.65**	**-**	**103.34**	**487.37**	**-**	**-**	**-**	**(3)**	**(3,400.86)**	**(188.14)**	**(1)**	**(182.49)**	**(51.68)**	**8**	**2,318.37**	**815.21**
3	**Grand Total**																		
	Standard	11	5,710.46	502.88	-	79.75	3.99	(5.00)	(1,489.19)	(280.10)	(2)	(3,347.93)	(167.40)	(1)	(39.81)	(7.65)	3	913.27	51.72
	Substandard	2	281.48	212.29	-	-	109.79	(1.00)	(37.51)	(175.69)	-	-	-	-	-	-	1	243.97	146.38
	Doubtful	2	97.44	65.25	-	23.59	442.78	6.00	1,526.70	455.80	(1)	(52.93)	(20.74)	(1)	(185.19)	(77.51)	6	1,409.61	865.58
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**15**	**6,089.38**	**780.42**	**-**	**103.34**	**556.56**	**-**	**-**	**-**	**(3)**	**(3,400.86)**	**(188.14)**	**(2)**	**(225.01)**	**(85.16)**	**10**	**2,566.85**	**1,063.68**

Restated Standalone Financial Statements for the year ended March 31, 2020

Notes:-

1. There are no SME cases which have been restructured during the year ended March 31, 2018.
2. There have been 3 accounts upgraded from restructured advances during the year ended March 31, 2018
3. The outstanding amount and number of borrowers as at March 31, 2018 is after considering recoveries and sale of assets during the year.
4. The above table pertains to advances and does not include investment in shares of net book value of ₹ 27 million in the amount outstanding.
5. The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.
6. Additional facilities availed by borrowers in existing restructured accounts are disclosed under "Fresh restructuring during the year" and partial repayments in existing restructured accounts are disclosed under "Write-offs/sale/recovery of restructured accounts", however, for the purpose of arithmetical accuracy, the number of existing borrowers availing additional facility or partial repayments have been ignored for presentation purpose.
7. For the purpose of arithmetical accuracy as required by Para 3.4.2. (xii) of RBI circular no DBR.BP.BC.No.23/21.04.018/2015-16 movement in provisions in the existing restructured account as compared to opening balance, is disclosed under column fresh restructuring(for increase in provision) and write-off/sale/recovery(for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

18.6.23 Restructuring of Advances - Micro Small and Medium Enterprises.

During the year ended March 31, 2020, the Bank has restructured advances amounting to ₹ 369.24 million (previous year – Nil, FY 2018 Nil) to Micro Small and Medium Enterprises.

18.6.24 **Disclosure under COVID19 Regulatory Package**

As per requirement of RBI circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 on COVID19 Regulatory Package - Asset Classification and Provisioning, below mentioned are details of where moratorium / deferment was extended as of March 31, 2020 as per above circular.

Particulars	**₹ In million**
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of above mentioned circular*;	150,105.54
Respective amount where asset classification benefits is extended.	27,129.45
Provisions made during the Q4FY2020 terms of paragraph 5 of above mentioned circular;	2,378.42
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of above mentioned circular	Not Applicable

** Borrowers with overdue status as of February 29, 2020 and continue to be in overdue as of March 31, 2020. Reported amount is position as of March 31, 2020.*

From the quarter ended December 31, 2019, the Bank consider slippages in Corporate NPAs post the period end till the date of results / financial statement, while determining NPAs and related provisioning requirements. Hence NPAs till March 13, 2020 was considered in the quarter and nine months ended December 2019 results reported on March 14, 2020. Further the Bank had decided, on a prudent basis, to enhance its Provision Coverage Ratio on its NPA loans over and above the RBI loan level provisioning requirements. As a result, the Bank recognized additional provisions of ₹ 154,220.39 million in the quarter ended December 31, 2019. Subsequently, RBI issued guidelines on COVID-19 Regulatory Package, under which, the Bank granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 (later extended to August 31, 2020). For all such accounts where the moratorium is granted ((except advances at IFSC Banking Unit (IBU) and advances to NBFC sector), the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms) and as the asset classification as of March 31, 2020 has been retained based on the overdue status as at February 29, 2020. Hence on account of above mentioned RBI circular dated April 17, 2020, Bank has not considered slippages post March 31, 2020 till the date of results / financial statement.

In line with RBI requirements, the Bank holds necessary provisions as at March 31, 2020 against the assets where the asset classification benefit has been extended on account of standstill requirements.

18.6.25 Financial assets sold to Securitization Company /Reconstruction Company for Asset Reconstruction

a) Details of Financial assets sold to Securitization/Reconstruction Company during the year ended March 31, 2020 are as follows-

(₹ in million)

	Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019	Year Ended March 31, 2018
(i)	No. of accounts	**1**	2	8
(ii)	Aggregate principal value (net of specific provisions) of accounts sold to SC / RC	**1,233.55**	5,450.56	15,803.78
(iii)	Aggregate consideration received in Cash (previous year includes Net Book Value of Security Receipts of *₹2,878.10* million)	**1,114.00**	4,558.70	17,911.10
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	**-**	-	-
(v)	Aggregate gain / (loss) over net book value*	**(119.55)**	**(891.86)**	**2,107.32**

**As per the extant RBI guidelines, the Bank has not recognized the gains in the restated financial statements and has recorded the Security Receipts at Net Book Value (NBV). If the sale value is lower than the net book value, the entire loss has been written off in the year of sale.*

b) Details of Investments held as Security Receipts received by sale of NPA to Securitization/Reconstruction Company as at March 31, 2020 and March 31, 2019 are as follows-

(₹ in million)

Particulars	Backed by NPAs* sold by the Bank as underlying		Backed by NPAs* sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Net Book value of investments in security receipts	15,532.65	17,266.83	-	-	15,532.65	17,266.83

** Includes all Security Receipts received by Bank on sale of assets as permitted under RBI circular DBOD.BP.BC.No. 98/21.04.132/2013-14 dated February 26, 2014.*

Details of Investments held as Security Receipts received by sale of NPA to Securitization/Reconstruction Company as at March 31, 2019 and March 31, 2018 are as follows-

Particulars	Backed by NPAs* sold by the Bank as underlying		Backed by NPAs* sold by other banks/ financial institutions/ non-banking financial companies as underlying		Total	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Net Book value of investments in security receipts	17,266.83	18,847.22	-	-	17,266.83	18,847.22

c) Details of ageing of Investments held as Security Receipts as at March 31, 2020 are as follows-

(₹ in million)

	SRs issued within Past 5 Years	**SRs issued more than 5 years ago but within past 8 years**	**SRs more than 8 years ago**
(i) Book Value of SRs backed by NPAs* sold by the Bank as underlying	20,734.54	871.68	
Provision held against (i)	*5,633.31*	*440.27*	
(ii) Book value of SRs backed by NPAs* sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	141.99
Provision held against (ii)	-	-	*141.99*
Total (i) + (ii)	**20,734.54**	**871.68**	**141.99**

Includes all Security Receipts received by Bank on sale of assets as permitted under RBI circular DBOD.BP.BC.No. 98/21.04.132/2013-14 dated February 26, 2014.

Details of ageing of Investments held as Security Receipts as at March 31, 2019 are as follows-

(₹ in million)

	SRs issued within Past 5 Years	**SRs issued more than 5 years ago but within past 8 years**	**SRs more than 8 years ago**
(i) Book Value of SRs backed by NPAs* sold by the Bank as underlying	21,288.01	489.18	
Provision held against (i)	*4,143.48*	***366.87***	
(ii) Book value of SRs backed by NPAs* sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	158.63
Provision held against (ii)	-	-	*158.63*
Total (i) + (ii)	**21,288.01**	**489.18**	**158.63**

*Includes all Security Receipts received by Bank on sale of assets as permitted under RBI circular DBOD.BP.BC.No. 98/21.04.132/2013-14 dated February 26, 2014.

Details of ageing of Investments held as Security Receipts as at March 31, 2018 are as follows-

(₹ in million)

	SRs issued within Past 5 Years	SRs issued more than 5 years ago but within past 8 years	SRs more than 8 years ago
(i) Book Value of SRs backed by NPAs* sold by the Bank as underlying	21,201.01	-	-
Provision held against (i)	*2,353.80*	-	-
(ii) Book value of SRs backed by NPAs* sold by other banks / financial institutions / non-banking financial companies as underlying	-	-	176.96
Provision held against (ii)	-	-	*176.96*
Total (i) + (ii)	**21,201.01**	-	**176.96**

*Includes all Security Receipts received by Bank on sale of assets as permitted under RBI circular DBOD.BP.BC.No. 98/21.04.132/2013-14 dated February 26, 2014.

18.6.26 Non-performing financial assets purchased/ sold from/ to other bank

The Bank has not purchased/sold any non performing financial assets from/to another bank during the year ended March 31, 2020, March 31, 2019 and March 31, 2018.

18.6.27 Provisions for Standard Assets

Provision on standard advances for the year FY 2019-20 was ₹12,597.18 million. As per requirement of RBI circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 on COVID19 Regulatory Package - Asset Classification and Provisioning, the Bank has created provision amounting to ₹ 2,378.42 million.

Provision on standard advances for the year FY 2018-19 was ₹32,007.97 million. During the year FY 2018-19 based on review of Credit portfolio of the Bank, the Bank had identified certain performing accounts which faced stress due to market and liquidity condition. The Bank had created Contingency Provision of ₹ 21,000 million in FY 2018-19 towards such identified accounts. The Bank has utilized the same during the financial year ended March 31, 2020.

Provision on standard advances for the year FY 2017-18 was ₹ 9,493.91 million.

18.6.28 Business ratios

Business Ratios	**As at March 31, 2020**	**As at March 31, 2019**	**As at March 31, 2018**
i) Interest income as a percentage to working funds[1]	8.56%	9.00%	8.55%
ii) Non interest income as a percentage to working funds[1]	3.89%	1.40%	2.20%
iii) Operating profit as a percentage to working funds[1]	3.92%	2.47%	3.27%
iv) Return on assets[1]	(5.39%)	0.52%	1.78%
v) Business (deposits + net advances) per employee[2] *(₹ in million)*	119.51	232.74	213.02
vi) Profit per employee[2] *(₹ in million)*	(7.34)	0.89	2.30

[1] Working funds represents the average of total assets as reported in Return Form X to RBI under Section 27 of the Banking Regulation Act, 1949.
[2] For the purpose of computation of business per employee (deposits plus advances), interbank deposits have been excluded and average employees have been considered.

18.6.29 Asset Liability Management

The following table sets forth the maturity pattern of assets and liabilities of the Bank as on March 31, 2020

(₹ in million)

Maturity Buckets	Loans & Advances	Investment Securities	Deposits	Borrowings	FCY Assets	FCY Liabilities
1 Day	8,025.33	71,789.61	8,441.02	-	8,979.71	68.99
2-7 days	9,708.54	6,371.23	30,023.25	30,674.28	1,079.07	1,843.81
8-14 Days	4,915.97	12,327.99	25,286.98	10,000.00	1,727.93	1,512.93
15-30 Days	13,982.47	22,911.60	58,617.11	10,514.33	7,007.66	14,250.90
1-2 Months	18,841.10	6,655.15	60,540.55	5,526.27	15,982.49	23,244.12
2-3 Months	27,924.66	68,869.55	53,676.95	5,22,566.50	7,942.29	9,385.51
3-6 Months	88,869.66	29,080.88	2,18,193.16	30,823.89	23,900.57	27,626.33
6-12 Months	2,10,239.94	39,658.60	2,01,121.17	69,532.14	29,603.21	40,786.90
1-3 Years	6,15,287.44	45,538.60	1,10,073.90	1,03,259.49	52,635.38	74,307.17
3-5 Years	3,69,496.19	86,511.33	2,80,739.70	1,62,949.70	36,761.05	13,316.29
5+ Years	3,47,141.65	49,433.72	6,925.64	1,92,058.43	32,499.00	38,763.72
TOTAL	**1,714,432.94**	**439,148.26**	**1,053,639.43**	**1,137,905.03**	**218,118.37**	**245,106.68**

The following table sets forth the maturity pattern of assets and liabilities of the Bank as on March 31, 2019

(₹ in million)

Maturity Buckets	Loans & Advances	Investment Securities	Deposits	Borrowings	FCY Assets	FCY Liabilities
1 day	18,741.23	115,057.51	14,114.50	2,766.20	45,844.33	3,009.61
2 days to 7 days	25,450.36	82,235.40	72,695.90	11,443.21	143,295.26	44,405.33
8 days to 14 days	18,905.83	76,910.98	56,700.46	8,127.59	51,584.38	7,211.95
15 days to 30 days	87,805.53	49,944.03	93,871.31	25,199.10	8,897.66	24,760.44
31 days to 2 months	53,956.34	21,081.44	102,819.85	42,943.52	9,979.06	17,926.29
Over 2 to 3 months	59,965.66	20,424.66	93,756.82	51,850.79	10,069.68	30,538.71
Over 3 to 6 months	134,256.62	54,993.97	291,401.98	94,698.15	12,414.32	75,875.66
Over 6 to 12 months	267,698.90	81,453.84	532,865.04	80,783.27	15,576.34	87,206.34
Over 1 year to 3 years	815,539.91	106,228.31	259,174.09	225,747.43	68,904.81	137,663.10
Over 3 years to 5 years	458,421.60	173,169.29	744,942.50	239,219.02	61,780.53	75,666.30
Over 5 years	474,254.06	113,720.89	13,759.37	301,462.81	53,294.83	38,451.86
TOTAL	**2,414,996.02**	**895,220.33**	**2,276,101.82**	**1,084,241.09**	**481,641.20**	**542,715.58**

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.
Maturity profile of foreign currency assets and liabilities is excluding Off Balance Sheet item.

The following table sets forth the maturity pattern of assets and liabilities of the Bank as on March 31, 2018

(₹ in million)

Maturity Buckets	Loans & Advances	Investment Securities	Deposits	Borrowings	FCY Assets	FCY Liabilities
1 day	10,988.03	137,582.88	13,024.30	-	14,880.51	193.47
2 days to 7 days	13,100.67	30,880.58	82,984.05	49,556.74	17,967.18	10,924.44
8 days to 14 days	13,216.35	35,252.15	63,368.79	3,380.43	2,842.68	5,178.34
15 days to 30 days	72,905.99	75,887.61	81,897.55	14,135.49	19,366.13	13,097.10
31 days to 2 months	52,563.54	23,284.64	137,014.31	18,042.32	8,389.32	13,384.64
Over 2 to 3 months	62,912.23	22,200.05	115,962.90	33,629.88	12,158.69	27,379.05
Over 3 to 6 months	148,767.19	35,487.29	202,682.14	69,982.00	15,531.12	59,634.76
Over 6 to 12 months	265,795.20	61,563.74	389,251.43	24,335.08	25,143.58	39,802.43
Over 1 year to 3 years	708,650.71	44,110.38	181,873.32	131,991.66	45,377.19	61,440.64
Over 3 years to 5 years	358,786.63	134,284.60	719,657.50	101,783.36	72,149.10	93,754.96
Over 5 years	327,652.08	83,455.47	19,665.19	302,098.86	25,085.58	29,695.44
TOTAL	**2,035,338.63**	**683,989.39**	**2,007,381.48**	**748,935.81**	**258,891.07**	**354,485.28**

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.

18.6.30 Exposures

The Bank has lending to sectors, which are sensitive to asset price fluctuations. Such sectors include capital market and real estate.

Exposure to Real Estate Sector

The exposure, representing the higher of funded and non-funded limits sanctioned or outstanding to real estate sector, is given in the table below:

(₹ *in* million)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
i)	**Direct exposure**			
	Residential Mortgages	68,518.37	61,423.70	37,895.13
	Commercial Real Estate*	274,390.37	343,537.29	254,879.15
	Of total Commercial real estate - exposure to residential real estate projects	*179,976.26*	*226,018.49*	174,818.07
	Of total Commercial Real Estate - outstanding as advances	*234,579.57*	*248,340.53*	164,404.61
	Investments in Mortgage Backed Securities (MBS) and other securitized exposures			
	- Residential	2,782.25	3,767.22	757.85
	- Commercial Real Estate	-	-	-
ii)	**Indirect exposure**			
	Fund based and non fund based exposures on National Housing Board and Housing Finance Companies	87,231.42	128,267.61	63,456.04
	TOTAL	**432,922.41**	**536,995.81**	**356,988.17**

Commercial real estate exposure classification is based on RBI circular DBOD.BP.BC.No. 42/08.12.015/2009-10 dated September 9, 2009.

Exposure to Capital Market

The exposure representing the higher of funded and non-funded limits sanctioned or outstanding to capital market sector is given in the table below:

(₹ in million)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	285.73	442.60	204.88
ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	4,633.02	6,154.06	3,736.64
iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-	-
iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	6,333.69	5,295.06	2,237.61
v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;*	10,462.61	13,646.54	9,488.19
vi)	loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	10,555.53	21,789.52	23,171.23
vii)	financing for acquisition of equity in overseas companies /financing for acquisition of equity in Indian companies	19,215.80	44,218.55	12,949.56
viii)	bridge loans to companies against expected equity flows / issues;	-	-	-
ix)	underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-	-
x)	financing to stockbrokers for margin trading	-	-	-
xi)	all exposures to Venture Capital Funds (both registered and unregistered)	200.41	202.53	173.00
	Total Exposure to Capital Market	**51,686.80**	**91,748.86**	**51,961.11**

Capital market exposure is reported in line with Para 2.3 of RBI's Master Circular on Exposure Norms dated July 1, 2015 (DBR.No.Dir.BC.12/13.03.00/2015-16).

* *Out of the above ₹282.59 million is exposure to YES Securities (India) Limited, which is a subsidiary of the Bank*

18.6.31 Risk Category wise Country Exposure

As per the extant RBI guidelines, the country exposure (direct and indirect) of the Bank is categorised into various risk categories listed in the following table. As at March 31, 2020, the funded country exposure (net) of the Bank as a percentage of total funded assets for Mauritius was 1.07% (March 31, 2019: 0.80%) (March 31, 2019 : United States of America was 4.37% and for United Kingdom was 1.11%) and (March 31, 2018 : United States of America was 0.82% and for United Kingdom was 0.94%). As the net funded exposure to Mauritius exceeded 1.0% of total funded assets, the Bank held a provision of ₹ 68.97 million on country exposure at March 31, 2020 (March 31, 2019: ₹ 532.78 million and March 31, 2018: "NIL") based on RBI guidelines.

(₹ in million)

Risk Category	Exposure (net) as at March 31, 2020	Provision held as at March 31, 2020	Exposure (net) as at March 31, 2019	Provision held as at March 31, 2019	Exposure (net) as at March 31, 2018	Provision held as at March 31, 2018
Insignificant	149,504.65	-	374,555.20	532.78	223,896.21	-
Low	60,475.34	68.97	65,596.60	-	54,802.82	-
Moderately Low	-	-	2,391.78	-	1,750.32	-
Moderate	4,148.74	-	1,549.65	-	704.61	-
Moderate High	-	-	-	-	-	-
High	-	-	-	-	-	-
Very High	-	-	-	-	-	-
TOTAL	**214,128.73**	**68.97**	**444,093.23**	**532.78**	**281,153.96**	**-**

18.6.32 Details of factoring exposure

The factoring exposure of the Bank outstanding as on March 31, 2020 is ₹ 2,251.50 million (previous year: ₹ 6,059.85 million, FY 2018 ₹ 7,362.30 million).

Miscellaneous

18.6.33 Income Taxes

Provisions made for Income Tax during the year

(₹ in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Current income tax expense	13,401.93	22,982.24	22,385.22
Deferred income tax credit	(57,480.82)	(16,611.55)	(2,687.77)
TOTAL	**(44,078.89)**	**6,370.69**	**19,697.45**

18.6.34 Disclosure of penalties imposed by RBI

(₹ in million)

	For the year ended March 31, 2020
Deficiency (Note Sorting Machines were not installed) observed during incognito visit of a YES Bank Branch	0.01
Penalties on account of Soiled/ Mutilate/ Counterfeit Notes deposited by currency chest	0.00
TOTAL	**0.01**

(₹ in million)

	For the year ended March 31, 2019
Non-compliance with RBI directions on Time-bound implementation and strengthening of Swift related operational controls.	10.00
Penalty on account of non- compliance with RBI guidelines on issuance of co-branded open loop prepaid cards*	1.13
Penalties on account of counterfeit notes deposited by branches and currency chest	0.02
TOTAL	**11.15**

** Based on communication received from the RBI vide letter dated April 22, 2019.*

(₹ in million)

	For the year ended March 31, 2018
Penalty on account of non-compliance with the directions issued by RBI on Income Recognition Asset Classification (IRAC) norms and delayed reporting of information security incident involving the outsourced ATM switch of the bank.	60.00
Penalties on account of counterfeit notes/ soiled notes remitted by branches and currency chest	0.07
TOTAL	**60.07**

18.6.35 Fees/ Remuneration received from bancassurance

Bank has earned ₹ 836.40 million from bancassurance business during year ended March 31, 2020 (previous year: ₹ 868.16 million, FY 2018 ₹ 767.80 million).

18.6.36 Concentration of Deposits

As at March 31, 2020, the deposits of top 20 depositors aggregated to ₹ 130,699.58 million (previous year: ₹ 246,727.21 million, FY 2018 ₹ 244,366.30 million) (excluding certificate of deposits, which are tradable instruments), representing 12.40% (previous year: 10.84%, FY 2018 12.17 %) of the total deposit base.

18.6.37 Concentration of Advances

As at March 31, 2020 the top 20 advances aggregated to ₹439,799.02 million (previous year ₹617,993.23 million, FY 2018 ₹ 484,353.89 million), representing 11.62% (previous year 13.28%, FY 2018 -12.72%) of the total advances. For this purpose, advance is computed as per definition of Credit Exposure in RBI Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

18.6.38 Concentration of Exposures

As at March 31, 2020 the top 20 exposures aggregated to ₹ 497,206.14million (previous year ₹ 677,765.38 million, FY 2018 ₹ 556,575.44 million), representing 12.56% (previous year 13.54%, FY 2018 13.68%) of the total exposures. Exposure is computed as per definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

18.6.39 Earnings Per Share ('EPS')

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard (AS) 20, "Earnings Per Share". The dilutive impact is mainly due to stock options granted to employees by the Bank.

The computation of earnings per share is given below:

(₹ in million)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Basic (annualised)			
Weighted average no. of equity shares outstanding	2,928,382,648	2,309,296,728	2,292,768,279
Net profit / (loss) (₹)	(164,180.31)	17,202.79	42,245.64
Basic earnings per share (₹)	(56.07)	7.45	18.43
Diluted (annualised)			
Weighted average no. of equity shares outstanding	2,928,411,435	2,331,418,688	2,339,752,831
Net profit / (loss) (₹)	(164,180.31)	17,202.79	42,245.64
Diluted earnings per share (₹)	(56.06)	7.38	18.06
Nominal value per share (₹)	2	2	2

The difference between weighted average number of equity shares outstanding between basic and diluted in the above mentioned disclosure is on account of outstanding ESOPs.

Basic earnings per equity share has been computed by dividing net profit / (loss) for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share has been computed by dividing the net profit / (loss) for the year attributable to the equity shareholders by the weighted average number of equity shares and dilutive potential equity shares options outstanding during the year, except where the results are anti-dilutive. The dilutive impact is on account of stock options granted to employees by the Bank. There is no impact of dilution on the profits in the current year and previous year.

18.6.40 Overseas Assets, NPAs and Revenue

The below table shows total assets, NPAs and revenue for the overseas branches of the Bank

₹ in million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
Total assets	176,562.78	331,594.88	181,840.46
Total NPAs	7,995.64	-	-
Total revenue	**10,935.62**	15,602.98	**9,184.00**

18.6.41 Repatriation of profits

During the FY 2019-20, there is no repatriation of profits.

During FY 2018-19, given adequate availability of liquidity at IBU and on account of high volatility in USD-INR movement which could expose Bank to translation risk to the extent of accumulated reserves at IBU, IBU repatriated an amount of USD 90 million (₹ 6,459.43 million) to HO from its accumulated reserves.. The Bank has not recognized any gain in Profit and Loss Statement, as per RBI notification dated April 18, 2017, from Foreign Currency Translation Reserve (FCTR) on repatriation of accumulated profits / retained earnings.

During the FY 2017-18, there is no repatriation of profits.

18.6.42 Sponsored SPVs

The Bank has not sponsored any SPV and hence there is no consolidation due to SPVs in Bank's books for FY 2020, FY 2019 and FY 2018.

18.6.43 Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2020 (previous year: Nil, FY 2018: Nil).

18.6.44 Credit / Debit card reward points

Provision for credit card and debit card reward points for the year ended March 31, 2020

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening provision	233.67	112.12
Provision made during the year	166.98	180.73
Utilised/Write-back of provision	(57.79)	(59.18)
Closing provision	342.86	233.67

During financial year ending March 31, 2018, the Bank has provided ₹ 77.70 millions for accumulated rewards points on credit and debit card

The valuation of credit card and debit card reward points is based on actuarial valuation method obtained from an independent actuary.

18.6.45 ***Corporate Social Responsibility (CSR)***

a) Amount required to be spent by the Bank on CSR during the year ₹ 831.9 million (previous year ₹ 955.8 million, FY 2018 ₹ 772.21 million).

b) Amount spent towards CSR during the year and recognised as expense in the Profit and Loss account on CSR related activities is ₹ 405.42 million (previous year ₹ 537.86 million, FY 2018 ₹ 452.13 million), which comprise of following –

(₹ in million)

	March 31, 2020			March, 31 2019			March, 31 2018		
	In cash	Amt unpaid/ provision	Total	In cash	Amt unpaid/ provision	Total	In cash	Amt unpaid/ provision	Total
i. Construction/acquisition of any asset	-	-	-	-	-	-	-	-	-
ii. On purposes other than (i) above	211.12	194.30	405.42	470.78	67.08	537.86	397.89	54.24	452.13

18.6.46 *Staff retirement benefits*

The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the Bank's restated financial statements as of March 31, 2020 , March 31, 2019 and March 31, 2018:

a) Changes in present value of Obligations

(₹ in million)

	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Present Value of Obligation at the beginning of the year	1,440.46	1,129.14	873.21
Interest Cost	101.77	85.75	60.03
Current Service Cost	366.86	271.85	256.57
Past Service Cost	-	-	-
Benefits Paid	(153.87)	(80.28)	(103.59)
Actuarial (gain)/loss on Obligation	(201.45)	33.98	42.92
Present Value of Obligation at the end of the year	**1,553.76**	**1,440.46**	**1,129.14**

Changes in the fair value of plan assets:

(₹ in million)

	For the year ended March 31, 2020	'or the year ended March 31, 2019	'or the year ended March 31, 2018
Fair value of plan assets at the beginning of the year	1,117.87	1,144.35	870.91
Adjustment to Opening Balance	-	-	4.25
Expected return on plan assets	78.42	80.05	60.92
Contributions	200.00	-	321.34
Benefits paid	(153.87)	(80.28)	(103.59)
Actuarial gain/(loss) on plan assets	(26.95)	(26.25)	(9.48)
Fair value of plan assets at the end of the period	**1,215.46**	**1,117.87**	**1,144.35**

The Bank has entire contribution of Gratuity Fund as Investments with Insurance Companies which are invested primarily in debt instruments as approved by IRDA.

Estimated rate of return on plan assets is based on the expected average long-term rate of return on investments of the Fund during the estimated term of the obligations

Net gratuity cost for the year ended March 31, 2020 and March 31, 2019 comprises the following components:

(₹ in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Current Service Cost	366.86	271.85	256.57
Interest Cost	101.77	85.75	60.03
Expected Return on plan assets	(78.42)	(80.05)	(60.92)
Net Actuarial gain recognized in the year	(174.50)	60.24	52.40
Past Service Cost	-	-	-
Expenses recognized	215.71	337.79	308.08

Experience History:

(₹ in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
(Gain)/Loss on obligation due to change in assumption	(249.13)	63.57	(70.88)	46.39	14.11	33.71
Experience (Gain)/Loss on obligation	47.68	(29.59)	113.80	30.12	(9.26)	(51.13)
Actuarial Gain/(Loss) on plan assets	(26.95)	(26.25)	(5.21)	6.96	(14.25)	(2.49)

The assumptions used in accounting for the gratuity plan are set out below:

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount Rate	6.00%	7.05%	7.60%
Expected Return on Plan Assets	6.00%	7.00%	7.00%
Mortality	IALM (2012-14) Ult	IALM (2006-08) Ult	IALM (2006-08) Ult
Future Salary Increases	9.00%	12.00%	12.00%
Disability			-
Attrition	13%-25%	13%-25%	13%-25%
Retirement	60 yrs	60 yrs	60 yrs

Actuarial assumption on salary increase also takes into consideration the inflation, seniority, promotion and other relevant factors.

Position of plan asset / liability

(₹ in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Fair value of plan assets at the end of the period	1,215.46	1,117.87	**1,144.35**
Present Value of Obligation at the end of the year	1,553.76	1,440.46	**1,129.15**
Plan asset / (liability)	**(338.3)**	**(322.59)**	**15.20**

The Bank is yet to determine future contribution to Gratuity fund for Financial Year 2020-21

National Pension Scheme

The Bank has contributed ₹ 24.36 million for the year ended March 31, 2020 (March 31, 2019: ₹ 19.33 million and March 31, 2018: ₹ 15.22 million) to NPS for employees who had opted for the scheme. The Bank has no liability for future fund benefits other than its annual contribution for the employees who agree to contribute to the scheme.

Provident Fund (PF)

The Bank has recognised in the profit and loss account ₹ 1,039.82 million for the year ended March 31, 2020 (March 31, 2019: ₹ 804.29 million and March 31, 2018: ₹ 716.81 million) towards contribution to the provident fund.

Compensated absence

The Bank has recognised ₹ 169.54 million in the profit and loss account for the year ended March 31, 2020 (March 31, 2019: ₹ 169.60 million and March 31, 2018: ₹ 51.72 million) towards compensated absences.

18.6.47 Segment Results

Pursuant to the guidelines issued by RBI on AS-17 (Segment Reporting) - Enhancement of Disclosures dated April 18, 2007, effective from period ending March 31, 2008, the following business segments have been reported.

- **Treasury:** Includes investments, all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilisation from other banks and financial institutions.
- **Corporate / Wholesale Banking:** Includes lending, deposit taking and other services offered to corporate customers.
- **Retail Banking:** Includes lending, deposit taking and other services offered to retail customers.
- **Other Banking Operations:** Includes para banking activities like third party product distribution, merchant banking etc.

Restated Standalone Financial Statements for the year ended March 31, 2020

Segmental results for the year ended March 31, 2020 are set out below:

(₹ in million)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	**118,905.25**	**170,550.01**	**59,161.77**	**1,982.65**	**350,599.67**
Less: Inter-segment					**(55,518.69)**
Revenue net of inter-segment					**295,080.98**
Result	**(15,056.16)**	**(244,768.03)**	**(10,469.90)**	**(36.45)**	**(270,330.55)**
Unallocated Expenses					**(22,078.65)**
Operating Profit					**(292,409.19)**
Income Taxes					**(65,259.44)**
Extra-ordinary Profit/(Loss)					**62,969.45**
Net Profit					**(164,180.31)**
Other Information:					
Segment assets	**718,647.95**	**1,258,879.95**	**503,345.05**	**232.44**	**2,481,105.39**
Unallocated assets					**97,163.85**
Total assets					**2,578,269.23**
Segment liabilities	**1,317,079.06**	**479,468.85**	**547,960.41**	**970.67**	**2,345,478.98**
Unallocated liabilities					**232,790.24**
Total liabilities					**2,578,269.22**

Other banking operations includes income from bancassurance business ₹ 836.40 million during year ended March 31, 2020.

Segmental results for the year ended March 31, 2019 are set out below:

(₹ in million)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	104,539.78	222,653.47	45,658.71	2,051.90	**374,903.85**
Less: Inter-segment					(32,759.28)
Revenue net of inter-segment					342,144.57
Result	35,460.35	14,180.12	(4,524.82)	916.64	**46,032.30**
Unallocated Expenses					(22,458.83)
Operating Profit					23,573.47
Income Taxes					6,370.68
Extra-ordinary Profit/(Loss)					-
Net Profit					**17,202.79**
Other Information:					
Segment assets	1,302,259.99	1,979,884.76	486,554.09	885.39	**3,769,584.22**
Unallocated assets					38,677.42
Total assets					3,808,261.64
Segment liabilities	1,081,751.87	1,411,797.46	947,394.05	1,082.29	**3,442,025.66**
Unallocated liabilities					366,235.98
Total liabilities					**3,808,261.64**

Other banking operations includes income from bancassurance business ₹ 868.16 million during year ended March 31, 2019.

Segmental results for the year ended March 31, 2018 are set out below:

(₹ in million)

Business Segments	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Segment Revenue	65,927.05	166,358.80	29,728.16	1,954.12	263,968.13
Less: Inter-segment					9,044.11
Revenue net of inter-segment					254,924.02
Result	29,460.99	54,748.04	(5,907.63)	1,108.21	79,409.61
Unallocated Expenses					(17,466.51)
Operating Profit					61,943.10
Income Taxes					9,697.46
Extra-ordinary Profit/(Loss)					-
Net Profit					42,245.64
Other Information:					
Segment assets	1,022,128.60	1,714,630.32	371,370.33	329.97	3,108,459.22
Unallocated assets					15,996.81
Total assets					3,124,456.03
Segment liabilities	751,075.32	1,261,531.12	750,850.50	4,724.60	2,768,181.54
Unallocated liabilities					356,274.49
Total liabilities					3,124,456.03

Other banking operations includes income from bancassurance business ₹ 767.80 million during year ended March 31, 2018.

Notes for segment reporting:

1. *The business of the Bank is concentrated largely in India. Accordingly, geographical segment results have not been reported in accordance with AS-17 (Segment Reporting).*
2. *In computing the above information, certain estimates and assumptions have been made by the Management and have been relied upon by the auditors.*
3. *Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.*
4. *The unallocated assets Includes tax paid in advance/tax deducted at source and deferred tax asset.*
5. *The unallocated liabilities include Share Capital, Reserves & Surplus and Tier 1 bond borrowings.*
6. *Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.*

18.6.48 Related Party Disclosures

The Bank has transactions with its related parties comprising of subsidiary, key management personnel and the relative of key management personnel

As per AS 18 "Related Party Disclosures", notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, the Bank's related parties for the year ended March 31, 2020 are disclosed below:

Subsidiary

- Yes Securities (India) Limited
- Yes Asset Management (India) Limited
- Yes Trustee Limited

Individuals having significant influence:

- Mr. Ravneet Gill, Managing Director & CEO (till March 05, 2020)
- Mr. Prashant Kumar, Administrator - Appointed by the Reserve Bank of India, (from March 06, 2020 till March 25, 2020)
- Mr. Prashant Kumar, Managing Director & CEO (from March 26, 2020)

Investing Company

Investing party - State Bank of India Limited (SBI)

Key Management Personnel ('KMP') (Whole time Director)

- Mr. Ravneet Gill, Managing Director & CEO (till March 05, 2020)
- Mr. Prashant Kumar, Administrator - Appointed by the Reserve Bank of India, (from March 06, 2020 till March 25, 2020)
- Mr. Prashant Kumar, Managing Director & CEO (from March 26, 2020)

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2020:

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Items / Related Party Category	Investing party [1]	Maximum Balance during the year	Subsidiaries[2, 3]	Maximum Balance during the year	Whole time directors / individual having significant influence	Maximum Balance during the year	Relatives of whole time directors / individual having significant influence	Maximum Balance during the year	Enterprise where relative of whole time director having significant influence
Deposits	#	#	600.98*	1,437.63	-	12.65	-	-	-
Advances (Overdraft)			102.05*	2039.12					
Investment	#	#	2,390.00*	2,390.00					
Interest received	#		145.87						
Interest paid	#		33.38		0.31				
Reimbursement of Cost incurred			54.06						
Receiving of services			0.93						
Payable	#		1.33						
Receivable	#		34.29						
Sale of Assets									
Funded/Non Funded Exposure taken	#		1,375.00						
Dividend paid									

As per RBI Circular, where there is only one entity in any category of related party, disclosure pertaining to that related party other than the relationship with that related party
*Represents outstanding as of March 31, 2020
[1] As per Accounting Standard 18 - Related Party Disclosure, State Bank of India Limited (SBI) is an investing company for YES Bank Limited and YES BANK is associate of SBI
[2] During the year, Bank has made investment in YES Asset Management (India) Limited for ₹150 million.
[3] As per the RBI master circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks, the Bank has provided ₹ 403.0 million for impairment of investment in subsidiaries.

During the year ended March 31, 2020, the Bank has contributed ₹ 405.42 million (previous year ₹ 537.86 million) to YES Foundation. YES Foundation is an independent public charitable trust which undertakes social charitable activities. YES Foundation does not qualify as Related Party, as defined under the Accounting Standard 18 - Related Party Disclosure and RBI guidelines.

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2019:

(₹ in million)

Items / Related Party Category	Subsidiaries	Maximum Balance during the year	Whole time directors / individual having significant influence	Maximum Balance during the year	Relatives of whole time directors / individual having significant influence	Maximum Balance during the year	Enterprise where relative of whole time director having significant influence
Deposits	527.71*	33,003.57	3.06*	15.62			
Advances (Overdraft)	1,024.17*	1,035.91					
Investment	2,240.00*	2,240.00					
Interest received	41.02						
Interest paid	44.29		0.52				
Reimbursement of Cost incurred	17.57						
Receiving of services	8.22						5.46
Dividend paid			270				
Payable	2.70						
Receivable	3.11						
Sale of Assets	0.64						

Represents outstanding as of March 31, 2019

During the year, Bank has made additional investment in two subsidiaries; YES Securities (India) Limited and YES Asset Management (India) Limited for ₹ 990 million and ₹ 195 million respectively.

During the year ended March 31, 2019, the Bank has contributed ₹ 537.86 million (previous year ₹ 452.13 million) to YES Foundation. YES Foundation is an independent public charitable trust which undertakes social charitable activities. YES Foundation does not qualify as Related Party, as defined under the Accounting Standard 18 - Related Party Disclosure and RBI guidelines.

he following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2018:

(₹ in million)

Items / Related Party Category	Subsidiaries	Maximum Balance during the year	Whole time directors / individual having significant influence	Maximum Balance during the year	Relatives of whole time directors / individual having significant influence	Maximum Balance during the year	Enterprise where relative of whole time director having significant influence
Deposits	495.44*	746.93	#	#	#	#	
Investment	1,055.00*	1,055.00					
Advances (Overdraft)	150.38*	374.00					
Interest received	3.88						
Interest paid	9.32		#		#		
Reimbursement of Cost incurred	25.43						
Receiving of services	8.34		#				6.02
Dividend paid			#				
Payable to subsidiary	1.07						
Receivable from subsidiary	3.10						
Sale of fixed asset	5.24						

* *Represents outstanding as of March 31, 2018*

 # In Financial Year 2017-18 there was only one related party in the said category, hence the Bank has not disclosed the details of transactions in accordance with circular issued by the RBI on March 29, 2003 "Guidance on compliance with the accounting standards by banks".

18.6.49 Operating Leases

Lease payments recognized in the profit and loss account for the year ended March 31, 2020 was ₹ 3,900.61 million (Previous year: ₹ 3,613.24 million, FY 2018 ₹4,041.06 million). During the year ended March 31, 2020, the Bank paid minimum lease payment ₹ 3,782.51 million (Previous year: ₹3,623.94 million, FY 2018 ₹3,696.34 million).

The following table sets forth, for the period indicated, the details of future rentals payment on operating leases:

(₹ in million)

Lease obligations	**As at March 31, 2020**	**As at March 31, 2019**	**As at March 31, 2018**
Not later than one year	3,337.42	3,461.65	3,674.42
Later than one year and not later than five years	10,090.09	9,751.31	14,583.08
Later than five years	13,749.82	12,418.84	16,627.33
TOTAL	**27,177.33**	**25,631.80**	**34,884.83**

The Bank does not have any provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

18.6.50 ESOP disclosures

Statutory Disclosures Regarding Joining Stock Option Scheme:

The Bank has Five Employee Stock Option Schemes viz.

- Joining Employee Stock Option Plan II (JESOP II),
- Joining Employee Stock Option Plan III (JESOP III),
- YBL ESOP (consisting of two sub schemes JESOP IV/PESOP I)
- YBL JESOP V/PESOP II (Consisting of three sub schemes JESOP V/ PESOP II/PESOP II -2010)
- YBL Employee Stock Option Scheme, 2018 (YBL ESOS 2018) [Consisting of YBL Joining Employee Stock Option Plan, 2018 (JESOP 2018); YBL Performance Employee Stock Option Plan, 2018 (PESOP 2018), PESOP 2019; and YBL MD&CEO (New) Stock Option Plan, 2019 (MD&CEO Plan 2019)]

Effective from June 13, 2018, all new options have been granted under the YBL ESOS 2018 (which inter-alia consists of JESOP 2018, PESOP 2018 and MD & CEO Plan 2019). The YBL ESOS 2018 and plans formulated thereunder are in compliance with the SEBI (Share Based Employees Benefits) Regulations, 2014 as amended from time to time. Source of shares are primary in nature, since the Bank has been issuing new equity shares upon exercise of options

JESOP II and JESOP III were in force for employees joining the Bank up to March 31, 2006 and March 31, 2007 respectively. Grants under PESOP II had been discontinued w.e.f. January 20, 2010. Grants under JESOP IV/PESOP I and JESOP V/ PESOP II -2010 had been discontinued w.e.f. June 12, 2018 pursuant to coming into effect of YBL ESOS 2018. However, any options already granted under the abovementioned plans would be valid in accordance with the terms & conditions mentioned in the plans

In accordance with the various Employee Stock Option Plans/ Schemes of the Bank as mentioned above, the Employees can exercise the options granted to them from time to time:

JESOP/PESOP	ESOP Scheme	Exercise period
JESOP	JESOP II	50% after 3 years and balance after 5 years from the Grant date
	JESOP III	50% after 3 years and balance after 5 years from the Grant date
	JESOP IV	50% after 3 years and balance after 5 years from the Grant date
	JESOP V	50% after 3 years and balance after 5 years from the Grant date
	MD&CEO Plan 2019	20%, 30% & 50% each year, from end of 1st year from the Grant date
PESOP	PESOP I	25% after each year from the Grant date
	PESOP II	30%, 30% & 40% after each year from the Grant date
	PESOP II - 2010	30%, 30% & 40% each year, from end of 3rd year from the Grant date
	JESOP 2018	50% after 3 years and balance after 5 years from the Grant date
	PESOP 2018	30%, 30% & 40% each year, from end of 3rd year from the Grant date
	PESOP 2019	30%, 30% & 40% each year, from end of 3rd year from the Grant date

Options under all the aforesaid plans are granted for a term of 10 years (inclusive of the vesting period) and are settled with equity shares being allotted to the beneficiary upon exercise.

A summary of the status of the Bank's stock option plans as on March 31, 2020 and March 31, 2019 is set out below:

	As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
	PESOP	JESOP	PESOP	JESOP	PESOP	JESOP
Options outstanding at the beginning of the year	35,019,115	18,254,826	46,257,335	15,963,100	64,802,165	20,614,950
Granted during the year	18,032,000	2,025,000	365,000	5,940,000	3,847,500	1,697,500
Exercised during the year	4,037,675	346,499	9,265,020	2,800,774	15,590,830	4,947,350
Forfeited / lapsed during the year	12,316,650	5,419,275	2,338,200	847,500	6,801,500	1,402,000
Options outstanding at the end of the year	36,696,790	14,514,052	35,019,115	18,254,826	46,257,335	15,963,100
Options exercisable	16,388,915	6,650,302	18,701,265	3,901,451	18,413,585	2,277,350
Weighted average exercise price (`)	63.56	80.52	70.84	106.08	64.76	74.59
Weighted average remaining contractual life of outstanding option (yrs)	2.39	1.77	1.50	1.86	1.78	1.82

The Bank has charged Nil amount, being the intrinsic value of the stock options granted for the year ended March 31, 2020, March 31, 2019 and March 31, 2018. Had the Bank adopted the Fair Value method (based on Black- Scholes pricing model), for pricing and accounting of options, net profit /loss after tax would have been lower by ₹ 505.40 million (Previous year: ₹ 375.18 millions, FY 2018 ₹ 414.98 millions), the basic earnings per share would have been ₹ (56.24) (Previous year: ₹ 7.29, FY 2018 ₹ 18.24) per share instead of ₹ (56.07) (Previous year: ₹ 7.45, FY 2018 ₹ 18.43) per share; and diluted earnings per share would have been ₹ (56.24) (Previous year: ₹ 7.22, FY 2018 ₹ 17.88) per share instead of ₹ (56.06) (Previous year: ₹ 7.38, FY 2018 ₹ 18.06) per share.

The following assumptions have been made for computation of the fair value of ESOP granted for the year ended March 31, 2020, March 31, 2019 and March 31, 2018.

	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Risk free interest rate	6.29%-9.23%	6.29%-9.23%	6.29%-9.23%
Expected life	1.5 yrs - 7.5 yrs	1.5 yrs - 7.5 yrs	1.5 yrs - 7.5 yrs
Expected volatility	25.01%-48.72%	25.01%-48.72%	25.01%-48.72%
Expected dividends	1.10%	1.20%	1.20%

In computing the above information, certain estimates and assumptions have been made by the Management.

18.6.51 Deferred Taxation

The deferred tax asset of ₹ 82,809.96 million as at March 31, 2020, ₹ 25,329.14 million as at March 31, 2019 and ₹ 8,717.59 million as at March 31, 2018 is included under other assets and the corresponding credits have been taken to the profit and loss account.

The components that give rise to the deferred tax asset included in the balance sheet are as follows:

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Deferred tax asset			
Depreciation	585.78	598.64	415.56
Provision for gratuity and unutilized leave	322.73	391.24	208.24
Provision for Non Performing Assets	60,164.53	9,779.42	2,926.75
Amortization of premium on HTM securities	132.39	1,035.72	1,025.76
Provision for standard advances	3,123.15	11,119.17	3,220.59
Other Provisions	18,481.38	2,404.94	920.69
Deferred tax asset	**82,809.96**	**25,329.13**	**8,717.59**

The Bank has a total deferred tax asset of ₹ 82,809.96 million as at March 31, 2020. During the year ended March 31, 2020, the Bank has made loss of ₹ 164,180.31 million, however it had taxable profit in the year ended March 31, 2020. The Bank continues to carry such deferred tax asset in its Balance Sheet, as basis financial projections approved by the Board of Directors, there is reasonable certainty of having sufficient taxable income to enable realization of the said deferred tax asset as specified in Accounting Standard 22 (Accounting for Taxes on Income).

During the quarter ended September 30, 2019, the Bank had elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Bank had recognised Provision for Income Tax and re-measured its deferred tax assets basis the rate prescribed in the aforesaid section and recognized the effect of this change by revising the annual effective income tax rate. The rate of income tax is changed from 34.944% to 25.168%. The re-measurement of accumulated deferred tax asset had resulted in a one-time additional charge of ₹ 7,086.10 million.

18.6.52 *Provisions and Contingencies*

The breakup of provisions of the Bank for the year ended March 31, 2020, March 31, 2019 and March 31, 2018 are given below:

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Provision for taxation	(44,078.89)	6,370.68	19,697.46
Provision for investments	64,819.07	6,824.89	2,599.44
Provision for standard advances	(19,410.78)	22,514.06	1,687.43
Provision made/write off for non performing advances	278,060.36	25,669.54	10,788.29
Others Provisions*	4,115.69	2,767.12	462.88
TOTAL	**283,505.45**	**64,146.28**	**35,235.50**

** Other Provisions includes provision made against other assets.*

Other Disclosures

18.6.53 *Disclosure on Remuneration*

a. Composition of the N&RC of the Bank as on March 31, 2020 is as follows:

Mr. Mahesh Krishnamurti	Non-Executive Director
Mr. Sunil Mehta	Non-Executive Director (Chairman)
Mr. Atul Bheda	Non-Executive Director
Mr. Swaminathan Janakiraman	Director nominated by State Bank of India

The roles and responsibilities of the N&RC are as under-

1. To review the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval;
2. To examine the qualification, knowledge, skill sets and experience of each director vis-a-vis the Bank's requirements and their effectiveness to the Board on a yearly basis and accordingly recommend to the Board for the induction of new Directors;
3. To review:
   A. the composition of the existing Committees of the Board and to examine annually whether there is any need to have a special committee of directors to meet the business requirements of the Bank and accordingly recommend to the Board for formation of a special committee.
   B. Review the Terms of Reference of the Board Level Committees and recommend the changes therein, if any, to the Board;
4. To scrutinise nominations for Independent/Non-Executive Directors with reference to their qualifications and experience and making recommendations to the Board for appointment/filling of vacancies;
5. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
6. To Formulate criteria for evaluation of performance of independent directors and the board of directors;
7. To carry out evaluation of every director's performance;
8. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
9. To validate 'fit and proper' status of all Directors on the Board of the Bank in terms of the Guidelines issued by the RBI or other regulatory authorities;
10. To develop and recommend to the Board Corporate Governance guidelines applicable to the Bank for incorporating best practices;
11. To implement policies and processes relating to Corporate Governance principles;

12. To formulate the criteria for determining qualifications, positive attributes and independence of a director;
13. To devise a Policy on Board diversity;
14. To recommend to the Board a policy relating to, the remuneration for the directors, key managerial personnel and other employees including performance/achievement bonus, perquisites, retirals, sitting fee, etc.;
15. To review the Bank's overall compensation structure and related polices with a view to attract, motivate and retain employees and review compensation levels vis-à-vis other Banks and the industry in general;
16. To ensure the following while formulating the policy on the aforesaid matters:
    (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, key managerial personnel and senior management of the quality required to run the company successfully;
    (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    (c) remuneration to Whole time directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long- term performance objectives appropriate to the working of the company and its goals.
    (d) Recommend to the board all remuneration, in whatever form, payable to senior management
17. To consider grant of Stock Options to employees including employees of subsidiaries and administer and supervise the Employee Stock Option Plans;
18. To function as the Compensation Committee as prescribed under the SEBI (Share Based Employee Benefits) Regulations, 2014 and is authorized to allot shares pursuant to exercise of Stock Options by employees;
19. To review the Human Capital Capacity Planning on annual basis;
20. To review the list of risk takers on annual basis;
21. To review the HCM Policies and provide suitable guidance for additions/ modification/ deletions, if any;
22. To review the Succession Planning; and
23. To perform any other functions or duties as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

a. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy-

The Bank has framed Compensation and Benefits Policy based on the guidelines contained in the RBI circular DBOD No. BC.72/29.67.001/2011-12 dated January 13, 2012 which was approved by the Nomination and Remuneration Committee on January 7, 2013. The remuneration of MD&CEO/Wholetime Directors is in accordance with the above mentioned circular and shall be reviewed basis RBI guidelines issued from time to time and approved by N&RC before obtaining Regulatory approvals.

The compensation philosophy of the Bank is aligned to the organizational values aimed at encouraging Professional Entrepreneurship and reinforcing a strong culture promoting meritocracy, performance, potential and prudent risk taking.

The Bank's Remuneration policy is to position its pay structure competitively in relation to the market to be able to attract and retain critical talent. The compensation strategy clearly endeavors to differentiate performance significantly and link the same with quality and quantum of rewards. The Bank also strives to create long term wealth creation opportunities through stock option schemes.

Human Capital Management shall review the policy annually or as required, based on changes in statutory, regulatory requirements and industry practices pertaining to Compensation and Benefits.

b. Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks

The broad factors taken into account for the Annual Review /revision of Fixed Compensation (TCC) & Performance Bonus are:

1. Individual performance based on the Annual Performance Review (APR) process of the Bank.
2. Business Unit performance in terms of financial outcomes, productivity, etc.
3. Consideration of all types of risk factors and shall be symmetrical with risk outcomes as well as sensitive to the time horizon of risk.
4. Profitability of the Bank.
5. Industry Benchmarking and consideration towards cost of living adjustment/inflation

The Bank subscribes to a 'Sum-of-Parts' compensation methodology, which is reflective of the Bank's commitment and philosophy of creating and sharing value with its employee partners.

The sum-of-parts compensation comprises:

Fixed Compensation
Variable Compensation in the form of Performance Bonus
Employee Stock Option Plans (ESOP)

The Board of Directors of the Bank through its Nomination and Remuneration Committee (N&RC) shall exercise oversight & effective governance over the framing and implementing of the Compensation policy. Human Capital Management under the guidance of MD & CEO shall administer the Compensation and Benefits structure in line with Industry practices and statutory requirements as applicable from time to time.

c. *Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.*

The Bank ensures that the compensation remains adjusted for all types of risk, symmetrical with risk outcomes as well as sensitive to the time horizon of risk. Further, the compensation in all forms will be consistent with the risk alignment.

One of the key factors to be considered for the Annual Review /revision of Fixed Compensation (TCC) & Performance Bonus includes individual performance based on the Annual Performance Review (APR) process of the Bank. The evaluation on risk management parameters is an integral part of the Annual Performance Review process, forming part of Key Result Areas of the executives with suitable weightage. The inputs for assessment on these parameters will be independently provided by the Risk Management function of the Bank.

For the services pertaining to a given financial year, where variable pay is 50% or more, 40-60% of the variable pay shall be deferred over minimum period of 3 years. In the event of a negative contribution, deferred compensation shall be subject to appropriate malus/claw back arrangements as decided by the Board Remuneration Committee. Guaranteed bonus shall not be a part of the compensation plan.

The compensation for executives in Risk Control and Compliance functions shall be independent of the business areas they oversee.

The Bank shall not provide any facility or funds or permit employees to insure or hedge their compensation structure to offset the risk alignment effects embedded in their compensation arrangement.

d. *Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilizes and the rationale for using these different forms.*

The Bank subscribes to a 'Sum-of-Parts' compensation methodology, which is reflective of the commitment and philosophy of creating and sharing value with the employee partners. The sum-of-parts compensation for executives comprises:

Fixed Compensation (Total Cost to Company-TCC) - Includes value of perquisites.

Variable compensation in the form of Performance /Deferred Bonus – Variable pay shall be in the form of Performance Bonus which will be calculated as a percentage of Fixed Pay. The evaluation on risk management parameters is an integral part of the Annual Performance Review process, forming part of Key Result Areas of the executives with suitable weightage. The inputs for assessment on these parameters will be independently provided by the Risk Management function of the Bank.

Employee Stock Options Plans – These are formulated on a mid to long term basis by the Bank in accordance with SEBI and other Regulatory guidelines. The grant of ESOP shall be under approval from MD & CEO, which shall be subsequently ratified by the Board Remuneration Committee.

e. *Quantitative Disclosures on Remuneration for MD & CEO and other risk takers*

There were 14 meetings of the N&RC held during the year ended March 31, 2020. The Bank had paid a remuneration of ₹3.35 *million* to the members of the N&RC for attending the meetings of the N&RC.,

			No of employee	For the year ended March 31, 2020	*No of employees*	For the year ended March 31, 2019	*No of employees*	For the year ended March 31, 2018
a.	(i)	Number of employees having received a variable remuneration award during the financial year. (refer Note below)	10	40.29	5	35.35	8	78.50
	(ii)	Number and total amount of sign-on awards made during the financial year.	1	5.00	-	-	-	-
	(iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	-	-	-	-	-	-
	(iv)	Details of severance pay, in addition to accrued benefits, if any.	-	-	-	-	-	-
b.	(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.(refer Note below)	1	2.45	1	4.90	2	18.33
c.		Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred						
		Total remuneration award	12	397.45	7	245.2	9	374.33
		Of which Fixed Component	12	341.28	7	204.01	8	295.83
		Of which Variable Component	10	56.17	4	41.19	8	78.50
		Deferred	*10*	*19.67*	*1*	*4.90*	-	-
		Paid	*10*	*36.50*	*4*	*36.29*	*8*	*78.50*
d.	(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.(refer Note below)	1	2.45	1	4.90	2	18.33
	(ii)	Total amount of reductions during the financial year due to ex- post explicit adjustments. .(refer Note below)	-	-	1	15.00	-	-
	(iii)	Total amount of reductions during the financial year due to ex- post implicit adjustments. (change in variable payout due to change in Market Conditions) .(refer Note below)	-	-	-	-	-	-

Note:

1. *Amounts disclosed represent variable pay paid during the year ended March 31, 2020 and March 31, 2019 for services rendered by the risk takers during the year March 31, 2019 and March 31, 2018 respectively. As the bonus pool for the year ended March 31, 2020 has not yet been allocated and accordingly, the deferred component for the risk takers is yet to be determined.*
2. *Compensation for MD & CEO is as approved by the RBI and paid by the Bank to the MD & CEO. Compensation for other risk takers is as approved by the Bank.*
3. *For the Financial Year ended March 31, 2020, 2,995,000 ESOP were issued to 11 risk takers (previous year 5,150,000 ESOPs to 4 risk taker and FY 2018 previous year 6,50,000 ESOPs to 6 risk taker)*

18.6.54 Movement in Floating Provisions

The Bank has not created or utilized any floating provisions during the financial year ended March 31, 2020, March 31, 2019 and March 31, 2018. The floating provision as at March 31, 2020 was ₹Nil (Previous year: ₹ Nil, FY 2018: ₹ Nil).

Drawdown from Reserves

During the financial year ended March 31, 2020, the Bank has not drawn down any reserve. (Previous year: ₹ Nil, FY 2018: ₹ Nil).

18.6.55 Liquidity Coverage Ratio (LCR)

The following table sets forth, the daily average of unweighted and weighted values for all the quarters in FY2019-20. *(₹ in million)*

	Particulars	Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019	
		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		**197,052.73**		**310,855.05**		**536,598.92**		**589,102.55**
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	612,338.09	58,687.66	673,981.30	64,779.68	808,350.86	78,114.89	811,455.15	78,594.99
(i)	Stable deposits	50,922.98	2,546.15	52,368.91	2,618.45	54,404.02	2,720.20	51,010.43	2,550.52
(ii)	Less stable deposits	561,415.11	56,141.51	621,612.39	62,161.24	753,946.84	75,394.68	760,444.72	76,044.47
3	Unsecured wholesale funding, of which:	537,278.73	255,617.70	**638,242.08**	**288,380.46**	**855,505.17**	**391,361.04**	**935,232.42**	**425,537.90**
(i)	Operational deposits (all counterparties)	54,954.39	13,738.60	62,633.98	15,658.50	81,535.53	20,383.88	87,194.53	21,798.63
(ii)	Non-operational deposits (all counterparties)	482,324.34	241,879.10	575,608.10	272,721.96	773,969.64	370,977.16	848,037.89	403,739.27
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding	147,470.36	-	150,267.90	-	17,871.00	-	19,029.67	-
5	**Additional requirements, of which**	**30,728.06**	**20,356.46**	**24,316.89**	**20,672.59**	**24,058.11**	**22,360.83**	**23,728.58**	**21,894.41**
(i)	Outflows related to derivative exposures and other collateral requirements	18,791.97	18,791.97	20,267.67	20,267.67	22,032.49	22,032.49	21,098.30	21,098.30
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	11,936.09	1,564.49	4,049.22	404.92	2,025.62	328.33	2,630.28	796.11
6	Other contractual funding obligations	189,338.31	189,338.31	131,648.28	131,648.28	65,249.28	65,249.28	60,707.53	60,707.53
7	Other contingent funding obligations	1,321,202.23	50,913.41	1,473,027.24	56,771.11	1,563,980.18	59,941.46	1,593,489.65	60,991.41
8	**Total Cash Outflows**	2,838,355.78	574,913.54	**3,091,483.68**	**562,252.12**	**3,335,014.60**	**617,027.49**	**3,443,643.01**	**647,726.25**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	11,285.53	-	10,547.72	-	39,742.11	-	49,205.38	-
10	Inflows from fully performing exposures	52,957.89	16,145.54	87,552.10	45,041.06	134,279.13	78,506.19	159,323.36	97,121.11
11	Other cash inflows	66,080.49	66,080.49	100,555.64	100,555.64	67,129.37	67,129.37	48,348.73	48,348.73
12	**Total Cash Inflows**	**130,323.90**	**82,226.02**	**198,655.46**	**145,596.69**	**241,150.61**	**145,635.56**	**256,877.47**	**145,469.84**
21	**TOTAL HQLA**		**197,052.73**		**310,855.05**		**536,598.92**		**589,102.55**
22	**Total Net Cash Outflows**		**492,687.51**		**416,655.43**		**471,391.93**		**502,256.41**
23	**Liquidity Coverage Ratio (%)**		**40.0%**		**74.6%**		**113.8%**		**117.3%**

(₹ in million)

The following table sets forth, the daily average of unweighted and weighted values for all the quarters in FY2018-19.

	Particulars	Quarter ended March 31, 2019		Quarter ended December 31, 2018		Quarter ended September 30, 2018		Quarter ended June 30, 2018	
		Total Unweighted Value	**Total Weighted Value**	**Total Unweighted Value**	**Total Weighted Value**	**Total Unweighted Value**	**Total Weighted Value**	**Total Unweighted Value**	**Total Weighted Value**
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		**587,604.68**		**524,390.54**		**522,841.33**		**505,991.52**
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	754,532.46	73,206.52	**714,628.47**	**69,379.68**	**695,299.10**	**67,552.46**	**644,728.31**	**62,635.32**
(i)	Stable deposits	44,934.58	2,246.73	41,663.30	2,083.16	39,549.03	1,977.45	36,750.33	1,837.52
(ii)	Less stable deposits	709,597.88	70,959.79	672,965.17	67,296.52	655,750.06	65,575.01	607,977.99	60,797.80
3	Unsecured wholesale funding, of which:	**945,332.24**	**426,691.60**	**908,437.95**	**405,633.84**	**896,161.86**	**398,871.02**	**875,248.44**	**405,079.68**
(i)	Operational deposits (all counterparties)	108,142.54	27,035.63	110,509.61	27,627.40	85,144.66	21,286.16	82,678.05	20,669.51
(ii)	Non-operational deposits (all counterparties)	837,189.70	399,655.96	797,928.34	378,006.44	811,017.20	377,584.85	792,570.39	384,410.16
(iii)	Unsecured debt	-	-	-	-	-	-		
4	Secured wholesale funding	11,087.13	-	16,735.07	-	25,956.45	-	8,307.06	-
5	Additional requirements, of which	**29,347.92**	**27,021.26**	**34,042.99**	**32,157.68**	**19,060.87**	**18,295.87**	**13,854.69**	**12,413.18**
(i)	Outflows related to derivative exposures and other collateral requirements	26,439.73	26,439.73	31,354.21	31,354.21	17,871.51	17,871.51	12,238.09	12,238.09
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-		-
(iii)	Credit and liquidity facilities	2,908.19	581.53	2,688.78	803.47	1,189.36	424.36	1,616.60	175.08
6	Other contractual funding obligations	67,776.73	67,776.73	67,506.03	67,506.03	73,958.43	73,958.43	60,043.54	60,043.54
7	Other contingent funding obligations	1,608,657.39	61,347.59	1,631,159.58	61,822.54	1,544,650.89	59,016.48	1,426,813.72	54,544.20
8	**Total Cash Outflows**	**3,416,733.87**	**656,043.70**	**3,372,510.08**	**636,499.77**	**3,255,087.59**	**617,694.26**	**3,028,995.77**	**594,715.91**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	71,144.40	-	18,093.98	-	28,251.28	-	98,890.44	-
10	Inflows from fully performing exposures	109,662.81	63,142.29	104,065.59	59,376.40	87,411.97	36,023.66	94,366.98	51,626.20
11	Other cash inflows	63,126.23	63,126.23	64,319.15	64,319.15	55,814.10	55,814.10	42,290.02	42,290.02
12	**Total Cash Inflows**	**243,933.45**	**126,268.52**	**186,478.72**	**123,695.54**	**171,477.36**	**91,837.77**	**235,547.44**	**93,916.22**
21	**TOTAL HQLA**		**587,604.68**		**524,390.54**		**522,841.33**		**505,991.52**
22	**Total Net Cash Outflows**		**529,775.18**		**512,804.23**		**525,856.49**		**500,799.69**
23	**Liquidity Coverage Ratio (%)**		**110.9%**		**102.3%**		**99.4%**		**101.0%**

For all the quarters in the current and previous year, the average weighted and unweighted amounts are calculated taking simple average of daily positions.

Restated Standalone Financial Statements for the year ended March 31, 2020

The following table sets forth, the daily average of unweighted and weighted values for all the quarters in FY2017-18.

	Particulars	Previous Year							
		Quarter ended March 31, 2018 *		Quarter ended December 31, 2017 *		Quarter ended September 30, 2017 *		Quarter ended June 30, 2017 *	
		Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value	Total Unweighted Value	Total Weighted Value
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		**468,477.25**		**420,824.31**		**376,294.19**		**350,581.77**
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	**590,780.00**	**55,606.81**	**552,467.44**	**51,839.55**	**515,565.30**	**48,344.81**	**486,671.00**	**45,624.69**
(i)	Stable deposits	69,423.82	3,471.19	68,143.92	3,407.20	64,234.38	3,211.72	60,848.12	3,042.41
(ii)	Less stable deposits	521,356.17	52,135.62	484,323.52	48,432.35	451,330.92	45,133.09	425,822.88	42,582.29
3	Unsecured wholesale funding, of which:	**808,950.66**	**362,569.64**	**707,639.46**	**340,451.08**	**682,228.78**	**333,869.15**	**642,052.75**	**320,329.86**
(i)	Operational deposits (all counterparties)	76,099.31	19,024.83	-	-	-	-		-
(ii)	Non-operational deposits (all counterparties)	732,851.35	343,544.81	707,639.46	340,451.08	682,228.78	333,869.15	642,052.75	320,329.86
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding	12,096.76	-	16,876.56	-	5,709.79	-	9,487.66	-
5	Additional requirements, of which	**17,928.43**	**16,949.04**	**18,393.86**	**16,192.89**	**16,527.70**	**13,208.66**	**22,093.13**	**14,831.27**
(i)	Outflows related to derivative exposures and other collateral requirements	16,840.22	16,840.22	15,948.33	15,948.33	12,839.88	12,839.88	14,024.40	14,024.40
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	1,088.21	108.82	2,445.53	244.55	3,687.82	368.78	8,068.73	806.87
6	Other contractual funding obligations	54,076.79	54,076.79	48,498.59	48,498.59	30,497.92	30,497.92	31,363.15	31,363.15
7	Other contingent funding obligations	1,315,133.32	50,399.92	1,199,059.34	46,225.14	1,166,913.98	44,734.58	1,087,179.77	41,228.28
8	**Total Cash Outflows**	**2,798,965.95**	**539,602.19**	**2,542,935.25**	**503,207.24**	**2,417,443.47**	**470,655.12**	**2,278,847.47**	**453,377.26**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	64,696.90	-	47,089.37	-	87,865.41	-	110,993.16	-
10	Inflows from fully performing exposures	81,518.76	37,900.50	59,509.80	25,876.11	56,335.38	17,963.84	57,198.63	20,827.27
11	Other cash inflows	42,835.91	42,835.91	40,445.29	40,445.29	37,219.86	37,219.86	35,621.31	35,621.31
12	**Total Cash Inflows**	**189,051.56**	**80,736.41**	**147,044.46**	**66,321.39**	**181,420.65**	**55,183.70**	**203,813.10**	**56,448.58**
21	**TOTAL HQLA**		**468,477.25**		**420,824.31**		**376,294.19**		**350,581.77**
22	**Total Net Cash Outflows**		**458,865.78**		**436,885.85**		**415,471.42**		**396,928.68**
23	**Liquidity Coverage Ratio (%)**		**102.1%**		**96.3%**		**90.6%**		**88.3%**

* For all the quarters in the current year, the average weighted and unweighted amounts are calculated taking simple average of daily positions.

Qualitative Disclosure:

The Bank measures and monitors the LCR in line with the Reserve Bank of India's circular dated June 09, 2014 and November 28, 2014 on "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards" as amended for "Prudential Guidelines on Capital Adequacy and Liquidity Standards" dated March 31, 2015. The LCR guidelines aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken. Banks are required to maintain High Quality Liquid Assets of a minimum of 100% of its Net Cash Outflows.

- The Bank endeavors to meet the LCR requirement on an ongoing basis. The adequacy in the LCR maintenance remains a conscious strategy of the Bank towards complying with LCR mandate.
- The Board of Directors of the Bank have empowered ALCO (Top Management Executive Committee) to monitor and strategize the Balance Sheet profile of the Bank. In line with the business strategy, ALCO forms an Interest Rate/Liquidity view for the bank with the help of the economic analysis provided by the in-house economic research team of the bank. ALCO of the Bank channelizes various business segments of the Bank to target good quality asset and liability profile to meet the Bank's profitability as well as Liquidity requirements with the help of robust MIS and Risk Limit architecture of the Bank.
- Funding strategies are formulated by the ALCO of the Bank. The objective of the funding strategy is to achieve an optimal funding mix which is consistent with prudent liquidity, diversity of sources and servicing costs. Accordingly, BSMG (Balance Sheet Management Group) of the Bank estimates daily liquidity requirement of the various business segments and manages the same on consolidated basis under ALCO guidance. With the help of Liquidity Statement prepared by the Bank, BSMG evaluates liquidity requirement and takes necessary action. Periodical reports are also placed before the ALCO for perusal and review.
- The Bank's HQLA comprises of Excess CRR, Excess SLR, eligible foreign sovereign investments, Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR) as permitted under prudential guidance and eligible Level 2 investments. The Bank has a very limited exposure to liquidity risk on account of its Derivatives portfolio. Further, the Bank believes that all inflows and outflows which might have a material impact under the liquidity stress scenario have been considered for the purpose of LCR. Further, SLR investments as well as Corporate Bond portfolio of the Bank considered for HQLA is also well diversified across various instruments and Liquid Asset Type Mix and should provide the Bank with adequate and timely liquidity.
- The daily average LCR for quarter ending March 31, 2020 is 40.0% which is below the prudential requirement. The LCR for the Bank had fallen below the regulatory limits on account of payment /prepayment of deposits and borrowings on account of various internal and external events including moratorium, multi notch rating downgrades, aftermath of cooperative bank failure etc.
- Accordingly, the Bank utilized the stock of HQLA to meet the commitments on account of these liabilities resulting in LCR dropping below the prudential limit.
- The bank endeavors to restore the LCR on an urgent basis and is working towards the same by garnering deposits and long term borrowings along with through asset advances at the earliest.

18.6.56 *Intra-Group Exposures to Subsidiaries*

The Bank has three subsidiary viz. "YES Securities (India) Limited, Yes Asset Management (India) Limited and Yes Trustee Limited ". Below mentioned are details of Intra-Group Exposure as of March 31, 2020, March 31, 2019 and March 31, 2018.

(₹ in million)

Particulars	As of March 31, 2020	As of March 31, 2019	As of March 31, 2018
Total amount of intra-group exposures	1,375.00	7,500.00	2,150.00
Total amount of top-20 intra-group exposures	1,375.00	7,500.00	2,150.00
Percentage of intra-group exposures to total exposure of the bank on borrowers / customers (%)	0.03%	0.15%	0.05%

During the year ended March 31, 2020, March 31, 2019 and March 31, 2018, the intra-group exposures were within the limits specified by RBI.

18.6.57 *Transfers to Depositor Education and Awareness Fund (DEAF)*

(₹ in million)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance of the amount transferred to DEAF	32.83	13.53	4.70
Add: Amounts transferred to DEAF during the year	24.46	20.06	8.83
Less: Amounts reimbursed by DEAF towards claims	3.61	0.75	-
Closing balance of amounts transferred to DEAF	53.68	32.83	13.53

18.6.58 *Investor Education and Protection Fund*

The unclaimed dividend amount due to be transferred to the Investor Education and Protection Fund (IEPF) during the year ended March 31, 2020, March 31, 2019 and March 31, 2018 has been transferred without any delay.

18.6.59 *Unhedged Foreign Currency Exposure of Bank's Customer*

The Bank has in place a policy on managing credit risk arising out of unhedged foreign currency exposures of its borrowers. The objective of this policy is to maximize the hedging on foreign currency exposures of borrowers by reviewing their foreign currency product portfolio and encouraging them to hedge the unhedged portion. In line with the policy, assessment of unhedged foreign currency exposure is a part of assessment of borrowers and is undertaken while proposing limits or at the review stage. Additionally, at the time of sanctioning limits for all clients, the Bank stipulates a limit on the unhedged foreign currency exposure of the client (as a % of total foreign currency exposure sanctioned by the Bank) after considering factors such as internal rating of the borrower, size, possibility of natural hedging, sophistication of borrower and maturity of borrower’s financial systems, relative size of unhedged foreign currency exposure with respect to total borrowings of the client, etc. Further, the Bank reviews the unhedged foreign currency exposure across its portfolio on a periodic basis. The Bank also maintains incremental provision and capital towards the unhedged foreign currency exposures of its borrowers in line with the extant RBI guidelines.

The Bank has maintained provision of ₹ 777.93 million (previous year of ₹ 537.52 million and FY 2018 ₹ 560.49 million) and additional capital of ₹ 2,304.16 million (previous year of ₹ 1,297.78 million and FY 2018 ₹ 1,710.94 million) on account of Unhedged Foreign Currency Exposure of its borrowers as at March 31, 2020.

18.6.60 *Provisioning pertaining to Fraud Accounts*

The Bank has reported 75 cases of fraud in the financial year ended March 31, 2020 amounting to ₹ 65,931.87 million (Previous Year: 107 cases amounting to ₹ 1,939.69 million and FY 2018 91 cases amounting to ₹ 9.51 million). The Bank has expensed off/ provided for the expected loss arising from these frauds and does not have any unamortized provision.

18.6.61 *Disclosure of complaints*

A. ***Customer Complaints***

		Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
i)	No. of Complaints pending at the beginning of the year	3,271	2,681	2,617
ii)	No. of Complaints received during the year	111,764	110,301	84,580
iii)	No. of Complaints redressed during the year	112,442	109,711	84,516
iv)	No. of Complaints pending at the end of the year	2,593	3,271	2,681

Auditors have relied upon the information presented by management as above.

B. ***Awards passed by the Banking Ombudsman***

		Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
i)	No. of unimplemented Awards at the beginning of the year	**Nil**	**Nil**	**Nil**
ii)	No. of Awards passed by the Banking Ombudsman during the year	**Nil**	**Nil**	**Nil**
iii)	No. of Awards implemented during the year	**Nil**	**Nil**	**Nil**
iv)	No. of unimplemented Awards at the end of the year	**Nil**	**Nil**	**Nil**

The above is based on the information available with the Bank which has been relied upon by the auditors.

18.6.62 *Dues to Micro and Small Enterprises*

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been ₹ 655.70 million (previous year ₹ 437.40 million) worth bills which were paid with delays to micro and small enterprises. There have been ₹ 19.72 million worth bills remained unpaid as at March 31, 2020. There have been no demand of interest on these payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of interest payments for FY 2018 due to delays in such payments to Micro, Small and Medium enterprises.

18.6.63 *Securitization Transactions*

The Bank has not done any securitization transactions during the year ended March 31, 2020, March 31, 2019 and March 31, 2018. The Bank has assigned retail loans amounting to ₹ 27,511.49 million (90% of portfolio) during the financial year ended March 31, 2020.

18.6.64 *Letter of comfort*

The Bank has not issued any letter of comfort which is not recorded as contingent liability during the year ended March 31, 2020, March 31, 2019 and March 31, 2018.

18.6.65 *Software Capitalized under Fixed Assets*

The Bank has capitalized software under Fixed Asset amounting to ₹ 951.56 million, ₹ 1,578.12 million and ₹ 1,418.30 million during the financial year ended March 31, 2020, March 31, 2019 and March 31, 2018 respectively.

(₹ in million)

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
At cost at March 31st of preceding year	5,296.77	3,722.63	2,488.26
Additions during the year	951.56	1,578.12	1,418.30
Deductions during the year	-	(3.99)	(183.93)
Depreciation to date	(4,148.74)	(2,974.02)	(1,939.86)
Net block	**2,099.59**	**2,322.74**	**1,782.77**

18.6.66 *Provision for Long Term contracts*

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the restated financial statements.

18.6.67 *PSLCs sold and purchased during the ended March 31, 2020*

(₹ in million)

	2019-20		2018-19		2017-18	
Particulars	**Purchased**	**Sold**	**Purchased**	**Sold**	**Purchased**	**Sold**
PSLC - Agriculture	-	-	-	-	-	-
PSLC - SF/MF	105,000.00	-	96,000.00	-	58,000.00	-
PSLC - Micro Enterprises	-	-	-	-	-	-
PSLC – General	-	-	68,000.00	-	12,800.00	-

18.6.68 Disclosure on Complaints-

The Bank became aware in September 2018 through communications from stock exchanges of anonymous whistleblower complaints alleging irregularities in the Bank's operations, potential conflict of interest of the founder and former MD & CEO and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which was carried out by management and supervised by the Board of Directors. The enquiry resulted in a report that was reviewed by the Board in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. In April 2019, the Bank had received the phase 1 report from the external firm and based on further review/ deliberations had directed a phase 2 investigation from the said firm. Further, during the quarter ended December 31, 2019, the Bank received forensic reports on certain borrower groups commissioned by other consortium bankers, which gave more information regarding the above mentioned allegations. The Bank at the direction of its Nomination and Remuneration Committee (NRC) obtained an independent legal opinion with respect to these matters. In February 2020, the Bank has received the final phase 2 report from the said external firm. Meanwhile, in March 2020, the Enforcement Directorate has launched an investigation into some aspects of transactions of the founder and former MD & CEO and alleged links with certain borrower groups. The ED is investigating allegations of money laundering, fraud and nexus between the founder and former MD & CEO and certain loan transactions. The Bank is in the process of evaluating all of the above reports and concluding if any of the findings have a material impact on financial statements/ processes and require further investigation. The Bank has taken this report to the newly constituted Audit Committee and Board and will progress further action basis the guidance and recommendations.

During the year ended March 31, 2020, the Bank had received various whistleblower complaints against the Banks management, former MD & CEO and certain members of the Board of Directors prior to being superseded by RBI. The NRC, basis investigations conducted by the management has, post its review, concluded that they have no material impact on financial statements.

In January 2020, the then Chairman of the Audit Committee of the Bank highlighted certain concerns around corporate governance and other operational matters at the Bank. The then Board decided to get this investigated by an independent external firm. A preliminary report has been received by the Board. While most of the allegations are unsubstantiated, the Board has requested the external firm for detailed recommendations highlighting areas where corporate governance can be further strengthened.

18.6.69 Description of contingent liabilities

Sr. No.	*Contingent Liabilities*	*Brief*
1.	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal and tax proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2.	Liability on account of forward exchange and derivative contracts.	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
3.	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4.	Other items for which the Bank is contingently liable	Purchase of securities pending settlement, capital commitments, amount deposited with RBI under Depositor Education Awareness Fund (DEAF), bill re-discounting, Foreign Exchange Contracts (Tom & Spot)
5	PF Liability	In February 2019, the honorable Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). The Bank has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Due to imperative challenges, the Bank has not disclosed contingent liability amount for past liability.

Refer Schedule 12 for amounts relating to contingent liability

Prior period comparatives

Previous year's figures have been regrouped where necessary to conform to current year classification.

For B S R & Co. LLP *Chartered Accountants* **Firm's Registration No: 101248W/W-100022**	**For and on behalf of the Board of Directors** **YES BANK Limited**		
Venkataramanan Vishwanath	**Prashant Kumar**	**Anurag Adlakha**	**Shivanand R hettigar**
Partner	*Managing Director & CEO*	*Group Chief Financial Officer*	*Group Company Secretary*
Membership No: 113156	*(DIN: 07562475)*		

Mumbai
July 03, 2020

OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11(I)(B) of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019	As at and for the year ended March 31, 2018
Basic Earnings per Equity Share (in ₹)	(56.11)	7.40	18.46
Diluted Earnings per Equity Share (in ₹)	(56.11)	7.33	18.09
Return on net worth (%)	(81.94)	6.49	17.72
Net asset value per Equity Share (in ₹)	17.29	116.14	111.82
EBITDA	NA	NA	NA

Notes: *The ratios have been computed as under:*

1. *NA: Not applicable.*

2. *Basic and diluted EPS: Basic earnings per equity share has been computed by dividing net profit / (loss) for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share has been computed by dividing the net profit / (loss) for the year attributable to the equity shareholders by the weighted average number of equity shares and dilutive potential equity shares options outstanding during the year, except where the results are anti-dilutive. The difference between weighted average number of equity shares outstanding between basic and diluted is on account of outstanding ESOPs*

3. *Return on net worth ratio: Return on net worth is calculated as restated profit and loss for the year divided by average net worth. Net worth is aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*

   Net assets value per equity share: Net worth as at the end of the year/ number of equity shares outstanding at the end of the year. Net worth is aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

In accordance with the SEBI ICDR Regulations the audited financial statements of the Bank for Fiscals 2018, 2019 and 2020, (collectively, the "**Audited Financial Statements**") are available on our website at www.yesbank.in/about-us/investor-relations.

Our Bank is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of the Red Herring Prospectus; or (ii) this Prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document or recommendation or solicitation to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Bank and should not be relied upon or used as a basis for any investment decision. None of our Bank or any of its advisors, nor BRLMs, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

Non GAAP measures

In evaluating our business, in addition to the GAAP measures, we consider use of certain non-GAAP financial measures and key performance indicators that are presented below as supplemental measures to review and assess our operating performance. We present these non-GAAP financial measures and key performance indicators because they are used by our management to evaluate our operating performance. Below are the non GAAP measures with detailed calculation:

Net asset value per share:

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Capital (A) (in ₹ millions)	25,100.94	4,630.07	4,605.93
Reserves and surplus (B) (in ₹ millions)	191,848.66	264,244.04	252,919.14
Shareholder's fund ((A) + (B)) (in ₹ millions)	**216,949.60**	**268,874.10**	**257,525.07**
No of Equity Shares (millions)	12,550.47	2,315.03	2,302.97
Net asset value per share (in ₹)	**17.29**	**116.14**	**111.82**

Cost to Income Ratio

(In ₹ Million)

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Interest earned (A)	260,520.17	296,237.99	202,685.95
Other income (excluding AT1) (B)	35,410.99	46,754.81	52,931.51
Total Income ((C) = (A) + (B))	**295,931.16**	**342,992.80**	**255,617.46**
Interest expended (D)	192,580.60	198,112.87	125,294.30
Net Total Income ((E) = (D) - (C))	**103,350.56**	**144,879.93**	**130,323.16**
Operating expenses **(F)**	68,701.46	63,614.28	52,735.40
Cost to Income Ratio (%) ((F) / (E))*100	**66.47%**	**43.91%**	**40.47%**

Return on Net worth

(In ₹ Million)

Particulars	Fiscal 2020	Fiscal 2019	Fiscal 2018
Net Profit (A)	(164,325.80)	17,092.66	42,332.20
Average Shareholder Funds (B)	200,544.25	263,199.59	238,960.69
Return on Net worth ((A) / (B) *100)	**-81.94%**	**6.49%**	**17.72%**

OUR INDEPENDENT AUDITORS

The Restated Consolidated Financial Statements and the Restated Standalone Financial Statements of the Bank as of March 31, 2020, 2019, and 2018, and for each of the years in the three-year period ended March 31, 2020, included in this prospectus, have been examined by B S R & Co. LLP, independent auditors, as stated in their reports appearing herein.

The audit reports issued by the independent auditors on the audited consolidated financial statements and audited standalone financial statements as at and for the year ended March 31, 2020, on which the examination reports to the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements of the Bank are based, were modified and included the following matters:

(a) that during the year ended March 31, 2020, the Bank has breached the regulatory requirements of RBI regarding maintaining the minimum CET I and Tier I capital ratios which indicates the position of capital adequacy of a bank. The breach is primarily on account of the increase in the provision for advances during the year ended March 31, 2020 as the Bank has decided, on a prudent basis, to enhance its Provision Coverage Ratio on its non-performing asset (NPA) loans over and above minimum RBI loan level provisioning. Further, the write back of the AT 1 bonds on 14 March 2020 also resulted in the breach of Tier 1 capital ratio as at March 31, 2020. The CET I ratio and the Tier I capital ratio for the Bank as at March 31, 2020 stood at 6.3% and 6.5% as compared to the minimum requirements of 7.375% and 8.875% respectively. This implies that the Bank will have to take effective steps to augment its capital base in the year 2020-21. Further, in view of the RBI norms relating to the breach of the aforesaid ratio, there is uncertainty around RBI's potential action for such a breach. The Independent Auditors were unable to comment on the consequential impact of the above regulatory breach on the consolidated financial statements; and

(b) that the Bank became aware in September 2018 through communications from stock exchanges of an anonymous whistle-blower complaint alleging irregularities in the Bank's operations, potential conflicts of interests in relation to the former Managing Director and Chief Executive Officer and allegations of incorrect NPA classification. The Bank conducted an internal enquiry of these allegations, which resulted in a report that was reviewed by the Board of Directors in November 2018. Based on further inputs and deliberations in December 2018, the Audit Committee of the Bank engaged an external firm to independently examine the matter. During the year ended March 31, 2020, the Bank identified certain further matters which arose from other independent investigations initiated by the lead banker of a consortium on the companies allegedly favoured by the former Managing Director. In March 2020, the Enforcement Directorate has launched an investigation into some aspects of dealings and transactions by the former Managing Director basis draft forensic reports from external agencies which further pointed out to conflict of interest between the former Managing Director and certain companies and arrested him. In view of the fact that these enquiries and investigations were still ongoing, the independent auditors were unable to comment on the consequential impact of the above matter on the consolidated financial statements.

The audit reports issued by the independent auditors on the audited consolidated financial statements and the audited standalone financial statements as at and for the year ended March 31, 2020, on which the examination reports to the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements of the Bank are based, also included a paragraph on material uncertainty related to going concern as at March 31, 2020, and was as follows:

(a) the independent auditors draw attention to Note 18.2 of the audited consolidated financial statements, which indicates that the Bank has incurred a loss of ₹16,418 crores for the year ended March 31, 2020. Particularly during the last six months, there has also been a significant decline in the Bank's deposit base, an increase in their NPA ratios resulting in breach of loan covenants on its foreign currency debt and credit rating downgrades resulting in partial prepayment of foreign currency debt linked to external credit rating. The Bank has also breached minimum Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio requirements of RBI during the year and has provided an amount of ₹334 crores for the expected penalty on the SLR breach. The Bank has also breached the RBI mandated CET1 ratio and Tier 1 capital ratio which stood at 6.3%.and 6.5% as compared to the minimum requirements of 7.375% and 8.875% respectively. This requires the Bank to take effective steps to augment its capital base in the year 2020-21. The breach of the CET1 and Tier 1 requirements was also impacted by the decision of the Bank to enhance its Provision Coverage Ratio, on a prudent basis, on its NPA loans over and above RBI's minimum loan provisioning norms. Further, on March 5, 2020, the Central Government, based on the RBI's application imposed a moratorium under section 45 of the Banking Regulation Act, 1949 for a period of 30 days effective March

5, 2020. The RBI, in consultation with the Central Government and in exercise of the powers under section 36ACA of the Banking Regulation Act 1949, superseded the Board of Directors of the Bank on March 5, 2020. The above indicators of financial stress and actions taken by the RBI resulted in a significant withdrawal of deposits. On March 13, 2020, the Government of India notified the Yes Bank Limited Reconstruction Scheme 2020 (the "**Scheme**") notified by the Central Government, in exercise of the powers conferred by sub section (4) and subsection 7 of section 45 of the Banking Regulation Act, 1949. Under this Scheme the authorized share capital of the Bank was increased to ₹6,200 crores. The Bank has received capital from investors amounting to ₹l 0,000 crores on March 14, 2020. The State Bank of India SBI) and other banks and financial institutions invested in the Bank at a price of ₹10 per equity share of the Bank (₹2 face value with a ₹8 premium). SBI is required to hold up to 49% with a minimum holding of 26% by SBI in the Bank (which is subject to a three year lock in). Other investors are subject to a three year lock in for 75% of the investments they make in the Bank under this Scheme. Existing investors (other than investors holding less than 100 shares) in the Bank are also subject to a lock in for 75% of their holding as per this Scheme. A new Board of Directors, Chief Executive Officer and Managing Director and Non-Executive Chairman have also been appointed pursuant to the Scheme. In addition, the moratorium imposed on the Bank on March 5, 2020 was vacated on March 18, 2020 as per the Scheme. RBI has also granted short-term funding to the Bank for the period of 90 days. The Bank has submitted a proposal seeking extension for a period of one year. The draft reconstruction scheme proposed on March 6, 2020 had also envisaged that the Bank would be able to write back Additional Tier 1 (AT1) securities amounting to ₹8,695 crores to equity. However, the final Scheme issued by the Government of India on March 13, 2020 does not contain any reference to the write back of the AT1 securities. Based on the legal advice on the contractual terms of the AT1 bonds, the Bank has fully written back AT1 bonds aggregating to Rs 8,415 crores on March 14, 2020. This action by the Bank has been legally challenged through a writ petition in the Honorable Bombay High court. In line with the RBI's COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020.

In the opinion of the Bank, based on the financial projections prepared by the Bank and approved by the Board for the next three years, the capital infusion, lines of liquidity provided by RBI and the reconstruction Scheme, the Bank will be able to realize its assets (including its deferred tax asset) and discharge its liabilities in its normal course of business and hence the financial statements have been prepared on a going concern basis. The said assumption of going concern is inter-alia dependent on the Bank's ability to achieve improvements in liquidity, asset quality and solvency ratios and mitigate the impact of Covid-19 and thus a material uncertainty exists that may cast a significant doubt on the Bank's ability to continue as a going concern. However, as stated above, as per management and the Board, there are mitigating factors to such uncertainties including the amount of capital funds that have been raised in March 2020, the nature and financial resources of new investors who have infused funds in the Bank, the new Board of Directors, Chief executive Officer and Managing Director and part time Chairman appointed as per the Scheme and the extent of regulatory support provided to the Bank by the RBI.

The independent auditors' conclusion on the audited consolidated financial statements and audited standalone financial statements is not modified in respect of this matter.

The audit reports issued by the independent auditors on the audited consolidated financial statements and the audited standalone financial statements as at and for the year ended March 31, 2020 and March 31, 2019, on which the examination reports to the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements of the Bank are based, included emphasis of matter paragraphs as at March 31, 2020 and March 31, 2019, and were as follows:

(a) For the year ended March 31, 2020:

(i) that the Bank has a total deferred tax asset of ₹8,281 crores as at March 31, 2020. As per the requirements of AS 22 - Income Taxes, based on the financial projections prepared by the Bank and approved by the Board of directors, the Bank has assessed that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The Bank expects to have a taxable profit for the future years. The independent auditors' conclusion is not modified in respect of this matter.

(ii) the Bank had made an additional provision of ₹15,422 crores for the period ended December 31, 2019 on a prudent evaluation of the status of NPAs based on discussion with regulator over and above the RBI norms relating to the minimum provision to be made by banks on their loans and advances. The additional provision is judgmental based on the quality and status of specific loans identified by the Bank as at March 31, 2020. The independent auditors believe that this judgment exercised by the Bank is appropriate. The independent auditors' conclusion was not modified in respect of this matter.

(b) For the year ended March 31, 2019:

(i) the consolidated financial statements which describes the ongoing enquiry by the Bank into certain anonymous whistle blower allegations. The independent auditors' opinion was not modified in respect of this matter

See also "*Financial Statements*" at page 264 of this prospectus.

CAPITALISATION STATEMENT

The following table sets forth our Bank's capitalization as at March 31, 2020, on the basis of our Restated Financial Statements, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Risk Factors*" on pages 423, 264 and 24, respectively.

Particulars	Pre-Offer as at March 31, 2020 (in ₹ million)	As adjusted for the Offer
Total borrowings:		
Non-current borrowings (including current maturity)	458,267.62	458,267.62
Current borrowings*	679,637.41	679,637.41
Total borrowings (A)	**1,137,905.03**	**1,137,905.03**
Total equity:		
Equity Share Capital	25,100.94	50,131.25
Other Equity**	192,161.99	315,638.24
Total equity (B)	**2,17,262.93**	**365,769.48**
Total borrowings/ Total equity (A/B)	**5.24**	**3.11**

** Current Borrowing represents borrowing having residual maturity within period of 12 months from March 31, 2020*

*** Other Equity represents Reserves and Surplus as of March 31, 2020.*

FINANCIAL INDEBTEDNESS

Our Bank avails loans in the ordinary course of its business for meeting its working capital and business requirements. Our Bank has secured and unsecured fund based borrowings, including money market, term money, refinance and foreign currency facilities.

Our Subsidiaries have not incurred any indebtedness as on March 31, 2020. The details of the aggregate indebtedness of our Bank as on March 31, 2020, are provided below:

Category of borrowing	Sanctioned / Disbursed amount (in ₹ million)	Outstanding amount as on March 31, 2020 (in ₹ million)
Secured Borrowings		
RBI Repo borrowings	13,380.00	13,380.00
Special liquidity facility from RBI(SLF I)*	500,000.00	500,000.00
Marginal standing facility borrowing (MSF) from RBI	7,000.00	7,000.00
CCIL TREPS borrowings	3,999.87	3,999.87
Total secured borrowings	**524,379.87**	**524,379.87**
Unsecured Borrowings		
Call money borrowings (from banks)	5,000.00	5,000.00
Term money borrowings (from banks)	13,350.00	13,350.00
Refinance borrowings	346,730.00	237,121.72
Green infrastructure bonds	16,450.00	16,450.00
Foreign currency borrowings	94,730.38	94,916.82
Medium term note bonds	45,399.00	36,032.74
Capital instruments (Tier I and Tier II)	189,283.88	189,303.88
Total unsecured borrowings	**732,293.26**	**613,525.16**
Total Borrowings	**1,256,673.13**	**1,137,905.03**

** Our Bank has repaid SLF I on June 15, 2020. The RBI granted our Bank another special liquidity facility amounting to ₹500,000 million on June 15, 2020 ("**SLF II**"). As on July 9, 2020, our Bank has partly prepaid the SLF II, amounting to ₹ 1,00,000 million, availed from the RBI.*

Principal terms of the borrowings:

The details provided below are indicative and there may be additional terms, conditions and requirements applicable to our Bank in connection with the borrowings.

1. *Interest:* The interest rates for various domestic borrowings range from 0.4% p.a. to 11.25% p.a. For our overseas borrowings, interest is linked to spread over external benchmark including LIBOR. Additionally, our Average Cost of Borrowings for Fiscal Year 2020 was 6.97%.

2. *Secured Borrowings / Security:* Our Bank has secured borrowings amounting to ₹ 524,379.87 million which are secured against certain loans or investments. For details, refer '*Restated Consolidated Financial Information – Schedule 4 – Borrowings*' on page 276.

3. *Tenor:* Tenor of our borrowings (excluding perpetual instruments) ranges from three days to 15 years. For details, refer to '*Restated Standalone Financial Statements – Note 18.6.29 – Asset Liability Management*' on page 383.

4. *Prepayment / Repayment:* Certain borrowings of our Bank contain prepayment charges of up to 2.50%. Typically, borrowings of our Bank are repayable in single bullet instalment except a few borrowings whose repayment is periodic in nature.

With respect to the financial and other covenants required to be complied with, by our Bank, in relation to our loan obligations, see "*Risk Factors – We are in breach of certain restrictive covenants contained in our financing arrangements and if the lenders choose to exercise their rights for any such breach, it may have an adverse effect on our business, cash flows, financial condition and results of operations*." on page 29.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based on our Restated Consolidated Financial Statements, including the schedules and notes thereto and the reports thereon, which appear in the "*Financial Statements*". This discussion should be read together with "*Summary of Financial Information*", "*Selected Statistical Information*", "*Business*" and "*Financial Statements*". Unless otherwise specified, all financial information is presented on a consolidated basis.

We prepare our financial statements in accordance with Indian GAAP. The financial statements reflect applicable statutory requirements, regulatory guidelines and accounting practices in India. These requirements, guidelines and practices change from time to time and, in accordance with Indian GAAP, adjustments to reflect such changes are made on a prospective basis and the financial statements for earlier periods are not restated. For the purposes of a comparative analysis in the discussion below, previous years' figures have been reclassified wherever necessary. In addition, the segments reported below are based on segments used for internal management reporting which are different to those used in the financial statements, which are mandated by Indian GAAP.

Our fiscal year ends on March 31. Accordingly, all references to a particular fiscal year are to the 12-month period ended on March 31 of that year. Unless otherwise specified, all information regarding cost, yield and average balances are based on monthly average balances outstanding during the relevant period.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under the section "Forward-Looking Statements", the section "Risk Factors" and elsewhere in this Prospectus.

Unless otherwise stated, references to "we", "us", "our" and similar terms are to YES Bank Limited on a consolidated basis and references to "the Bank" are to YES Bank Limited on a standalone basis.

Overview

We are a new generation private sector bank in India. We were incorporated as a public limited company in November 2003 and obtained our certificate of commencement of business in 2004. In May 2004, the RBI granted us a license under Section 22(1) of the Banking Regulation Act to commence banking operations in India.

We provide a knowledge-based approach to banking that we believe adds value for our customers by allowing them to capitalize on our knowledge in specific business sectors as well as across products. We believe that this approach also strengthens our relationships with our customers, by allowing us to develop those existing relationships to cross-sell our full range of product and service offerings.

In the aftermath of the Infrastructure Leasing & Financial Services crisis in September 2018, the financial sector had been heavily constrained from a liquidity stand-point. Furthermore, rising defaults in power and infrastructure sectors in the second half of 2019 had taken a toll on the stressed book of various banks and non-banking financial companies ("**NBFC**"). Given the low capital buffers in this macro environment, we were adversely impacted on account of elevated slippages in our corporate book, especially in power and infrastructure sectors. In addition, while our Statutory Liquidity Ratio ("**SLR**") as at March 31, 2020 satisfied the regulatory requirement, we breached the regulatory minimum SLR during the fiscal year ended March 31, 2020. We also breached our LCR furing the fiscal year 2020. This is largely due to the deposit outflow in early October 2019 on account of a combination of events such as invocation of Promoter's pledged shares and IT glitches at the Bank as well as other banks and problems arising from financial distress in another cooperative bank. As a result of our rapidly deteriorating financial position relating to liquidity, capital and other critical parameters, and the uncertainty surrounding a credible plan for infusion of capital, the RBI took immediate action in the interests of the depositors and the public. On March 5, 2020, the Bank was placed under moratorium by an order of the Government of India in exercising the powers conferred by sub-section (2) of section 45 of the Banking Regulation Act, 1949 (10 of 1949). During the period of moratorium, the RBI prepared a scheme for reconstruction which resulted in the following:

(a) Equity capital of ₹100,000 million was infused into the Bank by SBI and seven other prominent private financial institutions.
(b) The Board was reconstituted with eight eminent professionals with vast experience within the banking industry.

Since the successful implementation of the Reconstruction Scheme in March 2020, we have formulated new strategic objectives which aim at augmenting deposit base and liquidity buffers, optimizing operating costs, building stronger governance and underwriting framework and focusing on stressed assets resolution. Our medium-term objectives include lower cost of funds through stable liability mix, granular advances mix, higher corporate flows and cross-sell through transaction banking and stable and sustainable ROA of greater than 1% over next one to three years and greater than 1.5% over next three to five years. See "*Our Initiatives*" on page 432. As of the date of this Prospectus, we are in compliance with the regulatory SLR and LCR requirements.

Our total assets have decreased from ₹3,124,496.54 million as of March 31, 2018 to ₹2,578,321.64 million as of March 31, 2020 at a CAGR of (9.16)%. Our total deposits have decreased from ₹2,006,886.04 million as of March 31, 2018 to ₹1,053,111.68 million as of March 31, 2020 at a CAGR of (27.56)%. Our CASA deposits decreased from ₹731,740.32 million as of March 31, 2018 to ₹280,461.00 million as of March 31, 2020 at a CAGR of (38.09)%. Our net profit has decreased from ₹42,332.2 million for the fiscal year 2018 to a loss of ₹164,325.8 million for the fiscal year 2020. In addition, our number of branches has increased from 1,100 as of March 31, 2018 to 1,135 as of March 31, 2020. The CASA ratio (the ratio of our CASA deposits to total deposits, expressed as a percentage) was 26.63% as of March 31, 2020, which represented a decrease as compared to 33.07% as of March 31, 2019 and 36.46% as of March 31, 2018. The decrease in CASA ratio was due to remonetization, a rising interest rate scenario environment as well as the impact of the moratorium which was imposed on the Bank in March 2020.

Our total assets have decreased from ₹3,808,596.10 million as of March 31, 2019 to ₹2,578,321.64 million as of March 31, 2020, a decrease of 32.30%. Our total deposits have decreased from ₹2,275,579.03 million as on March 31, 2019 to ₹1,053,111.68 million as of March 31, 2020, a decrease of 53.76%. Our CASA deposits decreased from ₹752,433.93 million as of March 31, 2019 to ₹280,461.00 million as of March 31, 2020, a decrease of 62.73%. The decrease in deposits was primarily triggered by a moratorium on another co-operative bank, together with a fall in stock price due to the sell down by our promoters. Accordingly, depositors' confidence was affected, which resulted in an increase in deposit withdrawal. Our net profit decreased from ₹17,092.66 million as of March 2019 to a loss of ₹164,325.8 million as of March 31, 2020 due to an increase in NPA from ₹78,825.59 million as of March 31, 2019 to ₹328,775.88 million as of March 31, 2020. In addition, our number of branches has increased from 1,120 as of March 31, 2019 to 1,135 as of March 31, 2020. The CASA ratio decreased from 33.07% as of March 31, 2019 to 26.6% as of March 31, 2020.

Factors Affecting our Results of Operations

Our results of operations and financial condition are affected by numerous factors. The following factors are of particular importance.

The Macroeconomic Environment, Regulatory Intervention and impact of COVID-19 outbreak

Macroeconomic environment

Currently, global economic activity has come to a near standstill as COVID-19 related lockdowns and social distancing are imposed across a widening swathe of affected countries. Expectations of a shallow recovery in 2020 from 2019's decade low in global growth have been dashed. The outlook is now heavily contingent upon the intensity, spread and duration of the pandemic. There is a rising probability that large parts of the global economy will slip into recession. Central banks and governments are in war mode, responding to the situation with a wide range of conventional and unconventional measures targeted at easing financial conditions to avoid a demand collapse and to prevent financial markets from freezing up due to illiquidity. (*Source: Monetary Policy Report March 2020*)

In May 2020 the National Staistics Office released provisional estimates of Annual National Income as per which the GDP growth for the fiscal year 2020 was at 4.2%.Apart from the continuing resilience of agriculture and allied activities, the outlook for fiscal year 2021 is that most other sectors of the economy will be adversely impacted by the pandemic, depending upon the intensity, spread and duration of the pandemic. Retail inflation, measured by the consumer price index, peaked in January 2020 and fell by a full percentage point in February 2020 to 6.6%, as the ebbing of onion prices brought down food inflation from double digits in the preceding two months. Price pressures, however, remain firm across protein-rich items, edible oils and pulses; but the shock to demand from COVID-19 may weaken them going forward. The pandemic could bring high macroeconomic risks on both sides of the demand and supply chain. In that regard, the Monetary Policy Committee decided to advance its meeting scheduled for March 31, April 1 and 3, 2020 and met on March 24, 2020, March 26, 2020 and March 27, 2020 to reduce the policy rate by 75 basis points to 4.4% and further to 4.0% in its meeting held from May 20 to May 22, 2020. Simultaneously, the fixed rate reverse repo rate, which sets the floor of the liquidity adjustment facility ("**LAF**") corridor, was reduced by 90 basis points to 4.0% and further to 3.35%, thus creating an asymmetrical corridor. The purpose of this measure relating to the reverse repo rate is to render passive deposit funds with the Reserve Bank of India relatively unattractive for banks so that these banks could use these funds for on-lending to productive sectors of the economy. (*Source: Monetary Policy Report March 2020*).

Further, on April 17, 2020 the RBI announced an additional set of TLTRO measures (TLTRO 2.0), of ₹0.5 trillion, with focus, *inter alia*, on NBFCs by reserving 50% of the said amount for NBFCs with asset sizes between ₹5 billion and ₹50 billion, NBFCs less than ₹5 billion and Micro Finance Institutions ("**MFI**") (*Source: RBI Notification, April 17, 2020 – Reserve Bank Announces Targeted Long - Term Repo Operations 2.0*). One of the measures undertaken and outlined by the RBI is a cumulative reduction in the policy repo rate of 135 basis points.

On May 22, 2020, the RBI announced an emergency cut in the policy repo rate reduced to 3.35%, while the MSF rate is down to 4.25%. The RBI has also allowed deferment of repayments of loans and working capital by another three months from June 1, 2020 to August 31, 2020. The monetary policy committee also decided to continue with the accommodative stance as long as it is necessary to revive growth and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target. (*Source: RBI Monetary Policy Statement, May 2020*)

In response to the COVID-19 outbreak, the Bank leveraged technology to minimize disruption impact due to lockdown. The Bank ensured availability of services in over 95% of all branches and ATMs. Our electronic and digital channels are available 24 hours to provide online banking services to our customers.Our remote users working towards supporting businesses using remote access systems increased from approximately 1,000 before lockdown period to approximately 10,000 since lockdown began. Therefore, we have been able to cover critical activities like branch functions and transactions to ensure customers do not face any disruption during lockdown period. Sequential planning of employee working shift with twin objectives was introduced. This extended the window for customer service at branches and avoided employee travel at peak hours.

Inflation, interest rates and foreign exchange rates

In the sixth bi-monthly resolution of February 2020, CPI headline inflation was projected at 6.5% for the fourth quarter of fiscal year 2020. The prints for January and February 2020 indicate that actual outcomes for the quarter are running 30 basis points above projections, reflecting the onion price shock. Looking ahead, food prices may soften even further under the beneficial effects of the record foodgrain and horticulture production, at least until the onset of the usual summer uptick. Furthermore, the collapse in crude prices should work towards easing both fuel and core inflation pressures, depending on the level of the pass-through to retail prices. (*Source: RBI Monetary Policy Statement, March 2020*)

As a consequence of COVID-19, aggregate demand may weaken and ease core inflation further. Heightened volatility in financial markets could also have a bearing on inflation. Given this heightened volatility, unprecedented uncertainty and extremely fluid state of affairs, projections of growth and inflation would be heavily contingent on the intensity, spread and duration of COVID-19. (*Source: RBI Monetary Policy Statement, March 2020*)

The inflation outlook is highly uncertain. As supply lines get restored in the coming months with gradual relaxations in the lockdown, the unusual spike in food inflation in April is expected to moderate. The forecast of a normal monsoon also portends well for food inflation. Given the current global demand-supply balance, international crude oil prices are likely to remain low although they may firm up from the recent depressed levels. Soft global prices of metals and other industrial raw materials are likel to keep input costs low for domestic firms. Deficient demand may hold down pressures on core inflation (excluding food and fuel), although persisting supply dislocations impart uncertainty to the near term outlook. However, volatility in financial markets could have a bearing on inflation. These factors, combined with favourable base effects, are expected to take effect and pull down headline inflation below target in the third and fourth quarter of fiscal year 2021. (*Source: RBI Monetary Policy Statement, May 2020*).

During the six months ended 31 March 2020, domestic financial markets exhibited divergent movements. A policy rate cut in October 2019 and liquidity management operations undertaken by the Reserve Bank of India (RBI) enthused market sentiment but growing concerns about the domestic economic slowdown, fiscal slippages, geo-political tensions and heightened uncertainties caused by the rapid spread of COVID-19 posed significant challenges, particularly towards the close of fourth quarer of fiscal year 2020. An unscheduled meeting of the Monetary Policy Committee (MPC) of the RBI on March 24, 2020, March 26, 2020 and March 27, 2020 delivered an unprecedented reduction in the policy repo rate and the announcement of several liquidity-augmenting measures which briefly assuaged market fears. (*Source: RBI Monetary Policy Report, April 2020*)

In the credit market, monetary policy transmission was facilitated by large surplus liquidity, long term repo operations ("**LTRO**") targeted to reduce banks' cost of funds, simultaneous purchase and sale of securities under open market operations (special OMOs, also known as operation twist) and exemption from cash reserve ratio ("**CRR**") requirements to incentivize lending to specific sectors. Equity markets scaled a new high on January 14, 2020 but turned highly volatile thereafter in sync with global markets. The Indian Rupee ("**INR**" or "**₹**") came under pressure due to fears sparked by the spread of pandemic and flight to safety. In the event, however, the depreciation of INR was significantly lower than currencies of many EME peers. (*Source: RBI Monetary Policy Report, April 2020)*

Money markets have remained broadly resilient reflecting the RBI's proactive liquidity management operations. During thw six months ended 31 March 2020, the weighted average call rate (WACR) in the unsecured overnight money market has remained within the policy corridor with a downward bias (13 basis points below the repo rate on an average basis) reflecting sustained surplus liquidity. The WACR spiked in the typical financial year-end phenomenon, compounded by reduced market participation because of the COVID-19 induced nation-wide lockdown. (*Source: RBI Monetary Policy Report, April 2020*)

Fiscal policy

Since 2009, the Government of India and the RBI have taken various fiscal and monetary policy measures to address the impact of any global and domestic economic conditions. The deficit in fiscal year in fiscal year 2017 was reduced to 3.5% of GDP and remained constant in fiscal year 2018. The Government has reaffirmed its commitment to fiscal consolidation and accordingly, the budget for fiscal year 2019 has projected the deficit at 3.4% of GDP, and at 3.0% for fiscal year 2021 and 2022. However, given the COVID-19 pandemic situation, the fiscal path remains uncertain as of currently, especially for the fiscal year 2021.

The Government of India announced the Union Budget on February 1, 2020. Key Banking and regulatory reforms announced in the Union Budget are as follows:

- Public Sector Banks to be consolidated into eight banks and are to be further provided ₹700 billion capital to boost credit for a strong impetus to the economy.
- RBI to take over regulatory authority of housing finance sector from NHB.
- Deposit insurance has been increased from ₹100,000 to ₹500,000.

With respect to specific fiscal measures for dealing with the COVID-19 pandemic, the Government of India has unveiled a comprehensive fiscal and monetary package of approximately ₹20 trillion which includes the regulatory interventions by the RBI. The package focuses on land, labour, liquidity and laws and intends to cater to various sections including cottage industry, MSMEs, labourers, middle class, and industries, among others (*Source: Press Information Bureau of India)*. Specific measures relevant to the Banking industry include:

- ₹3 trillion Collateral-free Automatic Loans for Businesses, including MSMEs – Emergency Credit Line to Businesses/ MSMEs from Banks and NBFCs up to 20% of entire outstanding credit as on February 29, 2020, with a 4-year tenor and a moratorium of 12 months on principal repayment, along with 100% credit guarantee cover to Banks and NBFCs on principal and interest
- ₹200 billion Subordinate Debt for MSMEs which are stressed or NPA. This includes a support of ₹40 billion to CGTMSE which will provide partial Credit Guarantee support to Banks. Under this scheme Promoters of the MSME will be given debt by banks, which will then be infused by the promoter as equity in the Unit;
- Other measures to strengthen MSMEs such as ₹500 billion equity infusion for MSMEs through Fund of Funds and expansion of definitions of MSMEs;
- ₹300 billion Special Liquidity Scheme for NBFCs/HFCs/MFIs under which investment will be made by the Government of India in both primary and secondary market transactions in investment grade debt paper of NBFCs/HFCs/MFIs and the Securities will be fully guaranteed by the Government of India;
- ₹15 billion Interest Subvention for MUDRA-Shishu Loans under which the Government of India will provide Interest subvention of 2% for prompt payees for a period of 12 months;
- ₹2 trillion credit boost to 25 million farmers under Kisan Credit Card Scheme under which concessional credit will be provided to PM-KISAN beneficiaries;
- Indian Bankruptcy Code related measures:
    - special insolvency resolution framework for MSMEs under Section 240A of the Code;
    - suspension of fresh initiation of insolvency proceedings for up to one year depending upon the pandemic situation; and
    - empowering Central Government to exclude COVID-19 related debt from the definition of "default" under the Code for the purpose of triggering insolvency proceedings.

Regulatory intervention

The financial services industry in India is subject to extensive regulation by Governmental and self-regulatory organizations, including the RBI, SEBI, the Insurance Regulatory and Development Authority, BSE and NSE. These regulations address issues such as foreign investment, corporate governance and market conduct, customer protection, foreign exchange management, capital adequacy, margin requirements, anti-money laundering and provisioning for NPAs. The RBI also prescribes required levels of lending to "priority sectors" such as agriculture, which may expose us to higher levels of risk than we may otherwise face.

Monetary policy is heavily influenced by the condition of the Indian economy, and changes in the monetary policy affect the interest rates of our advances and deposits. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting its monetary policy. For example, the RBI's recent decision to ease liquidity in the banking system is expected to help increase the injection of liquidity (*Source: RBI Monetary Policy Report, April 2019*).

A monetary policy designed to combat inflation typically results in an increase in RBI lending rates. Further, in addition to having gradually established more stringent capital adequacy requirements, the RBI has also instituted several prudential measures to moderate credit growth, including an increase in risk weights for capital adequacy computation and general provisioning for various asset classes. See "*Key Regulation and Policies in India – Capital and provisioning requirements for exposures to entities with unhedged foreign currency exposure*" on page 227 and "*Key Regulation and Policies in India – Framework for revitalizing distressed assets in the economy*" on page 217.

Commercial banks in India are required to maintain statutory reserve requirements of CRR and SLR. The RBI has the authority to prescribe CRR without any ceiling limits and is not obliged to pay interest payments on CRR balances.

Although the SLR is intended to be a measure to maintain the banks' liquidity, it has adverse implications for the banks' ability to expand their credit.

With effect from January 1, 2015, the RBI introduced a requirement for commercial banks in India to maintain certain levels of LCR. The LCR measures a bank's ability to manage and survive for 30 days under a significant stress scenario that combines idiosyncratic as well as market-wide shock situations that would result in accelerated withdrawal of deposits from retail, partial loss of unsecured wholesale funding, partial loss of secured funding, increase in market volatilities that impact quality of collateral or potential future exposure of derivative positions and unscheduled drawdown of unused credit lines. As of the date of this Prospectus, banks are required to maintain at least 80% of the net cash outflows in the next 30 days, computed with these assumptions of a stressed scenario, are required to be supported by High Quality Liquid Assets ("**HQLA**").

The RBI issued the guidelines on Net Stable Funding Ratio ("**NSFR**") on May 17, 2018 with the objective of ensuring that banks maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The RBI has, by way of a circular dated November 29, 2018, decided that the NSFR guidelines shall come into effect from April 1, 2020. On March 27, 2020, the RBI issued a circular to defer the implementation of NSFR guidelines by six months to October 1, 2020. For compliance with NSFR norms, the Bank may have to borrow long term to fund long-term assets resulting in an increase in interest expense.

In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's banking and securities sectors. We cannot assure you that further changes to the existing policies and regulations will not occur in the future. Any changes in the regulatory environment pertaining to the Indian financial services industry could have a significant impact on our operations and financial condition.

The Banking Regulation Act was amended in January 2013 to strengthen RBI's regulatory powers and to further develop India's banking sector. Pursuant to the amendment, private sector banks are permitted to issue perpetual, redeemable and non-redeemable preference shares in addition to equity shares. In accordance with the terms of the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, the approval of RBI is required for the acquisition or transfer of the shares of private sector banks, which take the "aggregate holding" (direct and indirect, beneficial or otherwise) of an individual, his relatives, associate enterprises and persons acting in concert with him to 5.00% or more of the bank's total paid up share capital or entitles him to exercise 5.00% or more of the total voting rights of the bank. The term "aggregate holding" has been defined as the total holding including through "acquisition" and shares or compulsorily convertible preference shares, debentures, bonds or voting rights held by him, his relatives, associate enterprises and persons acting in concert with him in the concerned bank. The aggregate shareholding will also include optionally convertible preference shares, bonds or debentures if the option of conversion is proposed to be exercised. Further, the RBI may restrict any person holding more than 5.0% of the total voting rights of a bank from exercising voting rights in excess of 5.0% if such person is deemed to be not 'fit and proper' by the RBI.

The "Reserve Bank of India (Ownership in Private Sector Banks) Directions, 2016" ("**Directions on Ownership**") dated May 12, 2016, envisages diversified shareholding in private sector banks by a single entity/corporate entity/group of related entities. Pursuant to the Directions on Ownership, ownership limits for all shareholders in the private sector bank in the long run shall be stipulated under two broad categories: (i) natural persons (individuals) and (ii) legal persons (entities/institutions). Legal Persons are further categorized as (i) non-financial and (ii) financial institutions; and among financial institutions are further categorized into, (i) diversified and (ii) non-diversified financial institutions which shall have separate limits for shareholding. The voting rights are capped at 26.00% or as notified by the Reserve Bank from time to time. For further details, see "*Key Regulation and Policies in India*" on page 214.

The RBI (in consultation with the Government of India) is also empowered to supersede the board of directors of a banking company for a period of up to six months, which period shall not exceed a total period of 12 months, in the public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors of any banking company or for securing the proper management of any banking company. For further information, see "*Key Regulation and Policies in India – Banking Regulation Act, 1949*" on page 214.

The RBI has, pursuant to its circular dated June 7, 2019, established a new regulatory framework for resolution of stressed assets ("**Revised Framework**"). Pursuant to the Revised Framework, in case of a restructuring, the accounts classified as 'standard' shall be immediately downgraded to 'sub-standard' as NPAs at the outset. The NPAs, upon restructuring, would continue to have the same asset classification as prior to restructuring. Such accounts may be upgraded only when all the outstanding loan and facilities in the account demonstrate 'satisfactory performance', where payments in respect of the borrower entity are not in default at any point in time, during the 'specified period' as defined in the Revised Framework. For large accounts where the aggregate exposure of the lenders is more than ₹1 billion, any upgrade shall be subject to an additional requirement of an "investment grade" credit rating of the borrower's credit facilities. Further, if the satisfactory performance is not demonstrated during the monitoring period, any upgrade of the account shall be subject to implementation of a fresh restructuring/change in ownership under the Revised Framework and the bank shall make an additional provisioning, along with other provisioning, in terms of the Revised Framework.

Pursuant to the Revised Framework, existing guidelines and schemes for debt resolution such as revitalising distressed assets, CDR, flexible structuring of existing long-term project loans, SDR, change in ownership outside SDR, and S4A have been withdrawn. In addition, the guidelines /framework for joint lenders' forum has also been discontinued. According to the Revised Framework, the lenders must identify incipient stress in loan accounts immediately on default by classifying stressed assets as special mention account. See "*Key Regulation and Policies in India – Prudential framework for resolution of stressed assets*" on page 217.

RBI's specific policy measures to address the stress in financial conditions caused by COVID-19

In its off-cycle meeting, noting the risks brought upon by the COVID-19 pandemic to both demand and supply sides, the RBI announced several measures *(Source: RBI Monetary Policy Report – April 2020, Box IV.3)*:

- In respect of all term loans banks are permitted to grant a moratorium of sixmonths on payment of all installments falling due between March 1, 2020 and August 31, 2020. The repayment schedule for such loans as also the residual tenor, will be shifted across the board by 6 months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period. RBI has also clarified that accounts which benefit from the moratorium Period will not be classified as NPAs if the accounts have any instalment that fall overdue during the moratorium period.

- In respect of working capital facilities sanctioned in the form of cash credit/overdraft ("**CC/OD**"), lending institutions are permitted to defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 up to August 31, 2020 ("**deferment**"). Lending institutions are permitted to convert the accumulated interest on working capital facilities over the deferment period (up to August 31, 2020) into a funded interest term loan which shall be repayable not later than the financial year ending March 31, 2021.

- In respect of working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may recalculate the 'drawing power' by reducing the margins and/or by reassessing the working capital cycle.

- Since the moratorium/deferment/recalculation of the 'drawing power' is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same will not be treated as concession.

- The asset classification of term loans which are granted relief as mentioned above shall be determined based on revised due dates and the revised repayment schedule.

- In respect of accounts in default but standard where provisions mentioned above are applicable, and asset classification benefit is extended, lending institutions shall make general provisions of not less than 10% of the total outstanding of such accounts, to be phased over two quarters i.e. quarter ending March 31, 2020 and quarter ending June 30, 2020. The above provisions may be adjusted against the actual provisioning requirements for slippages from the accounts reckoned for such provisions. The residual provisions at the end of the financial year can be written back or adjusted against the provisions required for all other accounts.

- The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies (CICs) by the lending institutions.
- Targeted Long-Term Repo Operations ("**TLTRO**") entailing repos of up to 3 years tenor of appropriate sizes for a total amount of up to ₹1 trillion at a floating rate linked to the policy repo rate, to be deployed by banks in investment grade corporate bonds, commercial paper, and non-convertible debentures over and above the outstanding level of their investments in these bonds as on March 27, 2020.
- CRR was reduced by 100 basis points from 4.0% of Net Demand Time Liabilities ("**NDTL**"), to 3.0%, augmenting liquidity in the system by about ₹1.37 trillion.
- Under Marginal Standing Facility ("**MSF**"), limit of dipping into their Statutory Liquidity Ratio ("**SLR**") raised from 2.0% of NDTL to 3.0%, allowing the banking system to avail an additional ₹1.37 trillion of liquidity at the reduced MSF rate of 4.25% from 5.40%.
- Widened the existing policy rate corridor from 50 basis points to 65 basis points. Under the new corridor, the reverse repo rate under the LAF would be 40 basis points lower than the policy repo rate. The marginal standing facility (MSF) rate would continue to be 25 basis points above the policy repo rate.
- Increased a bank's exposure to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank. The increased limit will be applicable up to June 30, 2021.
- Under the Prudential Framework, lending institutions are required to hold an additional provision of 20% in the case of large accounts under default if a resolution plan has not been implemented within 210 days from the date of such default. Given the continuing challenges to resolution of stressed assets, lending institutions are permitted to exclude the entire moratorium/deferment period from March 1, 2020 to August 31, 2020 from the calculation of 30-day review period or 180-day resolution period, if the review or resolution period had not expired as on March 1, 2020.

Further, on April 17, 2020 the RBI announced an additional set of TLTRO measures (TLTRO 2.0), of ₹0.5 trillion, with focus, *inter alia*, on NBFCs by reserving 50% of the said amount for NBFCs with asset sizes between ₹5 billion and ₹50 billion, NBFCs less than ₹5 billion and Micro Finance Institutions ("**MFI**"). (*Source: RBI Notification, April 17, 2020 – Reserve Bank Announces Targeted Long – Term Repo Operations 2.0*)

Other recent measures undertaken and outlined by the RBI are as below:

- a cumulative reduction in the policy repo rate of 115 basis points since March 2020;
- two USD buy/sell swap auctions of USD 5 billion each conducted on March 26 and April 23, 2019, injecting liquidity into the banking system amounting to ₹345.6 billion and ₹348.7 billion, respectively;
- seven open market purchases, injecting ₹925 billion into the system;
- four simultaneous purchases and sales of government securities under open market operations (special OMOs, also known as operation twist) during December and January (December 23 and 30, 2019 and January 6 and 23, 2020) to ensure better monetary policy transmission;
- five LTROs between February 17 and March 18, 2020 for 1-year and 3-year tenors amounting to ₹1.25 trillion of durable liquidity at reasonable cost (fixed repo rate);
- exemption on incremental credit disbursed by banks between January 31, 2020 to July 31, 2020 on retail loans for automobiles, residential housing and loans to micro, small and medium enterprises (MSMEs) from the maintenance of CRR;
- two 6-month US Dollar sell/buy swap auctions providing dollar liquidity amounting to USD 2.71 billion;
- fine-tuning variable rate repo auctions of ₹500 billion and ₹250 billion of 8 days and 3 days maturity on March 26 and March 31, respectively, with standalone primary dealers (SPDs) allowed to participate; and
- fine-tuning variable rate repo auctions of 16-day maturity amounting to ₹77.7 billion on March 23 and March 24, 2020.

The amount under the Standing Liquidity Facility (SLF) available for standalone primary dealers was enhanced from ₹28 billion to ₹100 billion on March 24, 2020 and this had been available until April 17, 2020 *(Source: RBI's Seventh Bi-monthly Monetary Policy Statement, 2019-20)*.

Health of the Indian banking sector

The Indian banking sector is highly regulated and monitored, which contributes to the relative stability during uncertain economic periods.

According to the RBI's financial stability report, December 2019, Credit growth of scheduled commercial banks ("**SCBs**") remained subdued at 8.7% year-on-year (y-o-y) in September 2019 although private sector banks registered credit growth of 16.5%. Capital adequacy of the scheduled commercial banks improved significantly to 15.1% in September 2019 after the recapitalization of Public Sector Banks by the Government of India. While the gross non-performing assets (GNPA) ratio of the scheduled commercial banks remained unchanged at 9.3% between March and September 2019, the provision coverage ratio (PCR) of all SCBs rose to 61.5% in September 2019 from 60.5% in March 2019 implying increased resilience of the banking sector. Recent developments in the Non-banking financial companies ("**NBFC**") sector have brought the sector under greater market discipline as the better performing companies continued to raise funds while those with ALM and/or asset quality concerns were subjected to higher borrowing costs. The size of the inter-bank market continued to shrink with inter-bank assets amounting to less than 4% of the total banking sector assets as at end-September 2019. This reduction, along with better capitalization of PSBs, led to a reduction in contagion losses to the banking system compared to March 2019 under various scenarios relating to idiosyncratic failure of a bank, non-banking finance company (NBFC) and housing finance company (HFC) and macroeconomic distress.

Provisioning Policies

Our profits are affected by the amounts we provision against advances and the related recovery and litigation costs. Provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of the advances, subject to the minimum provisioning level prescribed in the relevant RBI guidelines. In October 2009, the RBI advised Indian banks to increase their total provisioning coverage ratio, including floating provisions and prudential/technical write-offs, to 70% by September 30, 2010. The RBI allowed banks to include prudential/technical write-offs in both the gross NPAs and provisions held in the calculation of provisioning coverage ratio. In April 2011, the RBI stipulated that banks would be required to maintain their provisioning coverage ratios with reference to their gross non-performing assets position as of September 30, 2010 and not on an ongoing basis. The RBI further clarified that any surplus provisioning should not be written back but should be segregated into a "counter-cyclical provisioning buffer" and that banks will be allowed to use this buffer to make specific provisions for NPAs during a system-wide downturn, with the prior approval of the RBI. For instance, considering the slowdown in economic growth and rising asset quality concerns during fiscal year 2014, as a counter-cyclical measure, the RBI allowed banks to utilize up to 33.0% of the counter-cyclical provisioning buffer or floating provisions held as of March 31, 2013, for making accelerated or additional provisions towards non-performing assets during fiscal year 2014. Further, in March 2015, the RBI increased the limit to 50.0% of the counter-cyclical provisioning buffer or floating provisions held as of December 31, 2014, for making accelerated or additional provisions towards non-performing assets during fiscal year 2015.

The provisions adopted in respect of loss assets, doubtful assets, substandard assets and standard assets are as follows:

- **Loss Assets** – Loss assets should be written off. If loss assets are permitted to remain in the books for any reason, 100.00% of the outstanding should be provided for.
- **Doubtful Assets** – (i) 100.00% of the extent to which the advance is not covered by the realizable value of the security to which the Bank has a valid recourse and the realizable value is estimated on a realistic basis; and (ii) with respect to the secured portion, provision may be made at the rates ranging from 25.00% to 100.00% of the secured portion depending upon the period for which the asset has remained doubtful.

Period for which the advance has remained in 'doubtful' category	Provisioning requirement (%)
Up to one year	25
One to three years	40
More than three years	100

- **Substandard Assets** – A general provision of 15.00% on total outstanding should be made without making any allowance for ECGC guarantee cover and securities available. The 'unsecured exposures' which are identified as 'substandard' would attract additional provision of 10%, which would amount to a total of 25% on the outstanding balance.

- **Standard Assets** – In respect of the provisioning requirements for all types of standard assets, banks should make a general provision for standard assets at the following rates for the funded outstanding on global loan portfolio basis:

  (a) farm credit to agricultural activities and Small and Micro Enterprises (SMEs) sectors at 0.25%;

  (b) advances to Commercial Real Estate (CRE) Sector at 1.00%;

  (c) advances to Commercial Real Estate – Residential Housing Sector (CRE - RH) at 0.75%;

  (d) housing loans extended at teaser rates - as indicated below:

  Provisioning for housing loans at teaser rates: With respect to the practice of sanctioning housing loans at teaser rates, where rates of interest are comparatively lower in the first few years, after which rates are reset at higher rates, standard asset provisioning on the outstanding amount of such loans has to be 2.00% in view of the higher risk associated with them.

  (e) all other loans and advances not included in (a) (b) and (c) above at 0.40%.

Asset Quality

The Bank's gross non-performing assets were at ₹328,775.88 million which represented 16.80% of gross advances as of March 31, 2020, as compared to 3.22% and 1.28% as of March 31, 2019 and March 31, 2018, respectively. The Bank's provision coverage ratio (specific provisions as a percentage of gross non-performing assets) as of March 31, 2020 was 73.77%, as compared to 43.10% and 50.02% as of March 31, 2019 and March 31, 2018, respectively. Net non-performing assets were at 5.03% of net advances as of March 31, 2020 and 1.86% as of March 31, 2019 and 0.64% as of March 31, 2018. The rise in gross non-performing assets during the fiscal year ending March 31, 2020 was largely on account of slippage of concentrated exposures to stressed Corporate Groups which were further impacted by the macroeconomic slowdown and liquidity constraints in the NBFC space.

The Bank's gross non-performing investments were at ₹92,223.77 million as of March 31, 2020, as compared to ₹1,154.09 million and ₹674.95 million as of March 31, 2019 and March 31, 2018, respectively. The Bank's provision coverage ratio for investments (specific provisions as a percentage of gross non-performing investments) as of March 31, 2020 was 74.01%, as compared to 85.59% and 89.82% as of March 31, 2019 and March 31, 2018, respectively. Gross NPI as percentage of Investments less Government securities (both net) were at 83.8% for FY2020 compared to 26.6% in Q3FY2020, 3.3% in Q2FY2020, 3.3% in Q1FY2020, 0.5% in FY2019 and 0.4% in FY2018. Gross NPI as a percentage of Non SLR AFS bonds, AFS CP and preferential equity (all on gross basis) were at 63.3% in FY20 compared to 26.7% in Q3FY2020, 3.8% in Q2FY2020, 3.8% on Q1FY2020, 0.6% in FY2019 and 0.4% in FY2018. The rise in gross non-performing investments during the fiscal year ending March 31, 2020 was largely on account of slippage of investments in bonds of two stressed corporate groups which were further impacted by the macroeconomic slowdown particularly in the infrastructure space and liquidity constraints in the NBFC space.

In the fiscal year 2020, three independent consulting agencies specialising in credit due diligence were engaged to conduct credit assessment of our corporate portfolio, primarily from a recovery or loss given default ("**LGD**") perspective. For this purpose, we, in consultation with the agencies, identified certain corporate groups on the basis of a combination of qualitative and quantitative criteria in relation to NPA, SMA and negative perception, amongst other factors. The independent consulting agencies conducted due diligence on the identified corporate group exposures aggregating to ₹812,812 million as of September 30, 2019. Based on the assessment, the minimum recovery estimates (on gross basis, capped to the expsoure) against these exposures was 68.47%, amounting to ₹556,518 million. On these exposures, the Bank has an aggregate provisioning (including technical write-offs) of ₹326,785 million which more than adequately covers for the minimum recovery assessment.

Capital Requirements

The RBI Basel III Capital Regulations sets out elements of regulatory capital and the scope of the capital adequacy framework, including disclosure requirements of components of capital and risk coverage. The transitional arrangements for the implementation of Basel III capital regulations in India began on April 1, 2013 and the guidelines were required to be fully implemented by March 31, 2019, in a phased manner, which has been since extended till September 30, 2020 by the RBI.

The table below summarizes the capital requirements under RBI Basel III Capital Regulations for banks in India:

	Regulatory Capital	As a % of Risk Weighted Assets
(i)	Minimum Common Equity Tier 1 Ratio	5.50
(ii)	Capital Conservation Buffer (comprising Common Equity)[(1)]	1.875
(iii)	Minimum Common Equity Tier 1 Ratio plus Capital Conservation Buffer [(i)+(ii)]	7.375
(iv)	Additional Tier 1 capital	1.50
(v)	Minimum Tier 1 capital adequacy ratio [(i)+(iv)]	7.00
(vi)	Tier 2 capital	2.00
(vii)	Minimum Total Capital Ratio (MTC) [(v)+(vi)]	9.00
(viii)	Minimum Total Capital Ratio plus Capital Conservation Buffer [(vii)+(ii)]	10.875

Note:

(1) Pursuant to the notification by the RBI dated January 10, 2019, the RBI had deferred the implementation of the last tranche of 0.625% of capital conservation buffer from March 31, 2019 to March 31, 2020. This has been further deferred to September 30, 2020 by the RBI through the notification dated March 27, 2020. Accordingly, banks are currently required to maintain a capital conservation buffer of 1.875% which will rise to 2.50% on September 30, 2020.

As of March 31, 2020, the Bank had a capital adequacy ratio of 8.5% with a CET I ratio at 6.3% and a Tier I ratio at 6.5%. The Bank's Tier II ratio as of March 31, 2020 is capped at 2.0% as per RBI's Basel III guidelines. Inability to augment its capital base in the fiscal year 2021, may lead to significant impact on operations of the Bank including regulatory actions or penalties.

Our Initiatives

Since the Reconstruction Scheme, we have focused to implement a robust governance structure that adheres strictly to regulatory and governance norms and a simplified organization structure that enabled the bank to synergize, build scale and further improve efficiencies. Multiple corporate products nd relationship units have been aggregated into Wholesale Banking, which will be focusing on being Asset Light, Liability Led and Transaction Heavy. Further, Risk Underwriting and Risk Oversight have been segregated with a separate Chief Risk Officer and Chief Credit Officer, whereby the Chief Risk Officer will be directly reporting to the Risk Management Committee of the Board. The above initiatives will aid the bank in achieving the following strategic objectives:

1. Rebuilding the foundation while calibrating balance sheet growth over the next six to twelve months, through:
   (a) a ramp up in liabilities and liquidity buffers and improve Credit to Deposit ratio by fiscal year 2021;
   (b) minimum cost reduction of 5% during fiscal year 2021;
   (c) a stronger governance and underwriting framework;
   (d) cost to income ratio in line with that of peer banks; and
   (e) a focused stressed assets resolution.
2. Medium term objectives include:
   (a) a stable liability mix and lower cost of funds with CASA Ratio exceeding 40%;
   (b) granular advances with proportion of Retail and MSME advances to total advances at greater than 60%;
   (c) higher corporate flows and cross sell through transaction banking; and
   (d) an ROA greater than 1% over next one to three years and greater than 1.5% over next three to five years.

Interest Rates, Allocation of Funds and Sources and Costs of Funding

Net interest income has historically been the most significant component of our total net income, accounting for 59.38%, 67.73% and 65.74% (excluding AT I write down) of total net income on a consolidated basis on a consolidated basis for the fiscal years 2018, 2019 and 2020, respectively. Our net interest income is determined by the amount of interest-earning assets and interest-bearing liabilities, and on our spread, which is the difference between the average rate earned on our interest-earning assets and the average rate payable on our interest-bearing liabilities. Our net interest income is affected by several factors including interest rates, our ability to allocate funds to assets that provide high interest rates, and cost of funding.

Interest Rates

Changes in interest rates affect our operations and over the last five years, movements in short and long-term interest rates have affected our interest income and interest expense. The majority of our customers are corporate entities (in terms of value) and the majority of our advances are priced at a floating rate linked to our base rate or the Marginal Cost of Funds based Lending Rate (the "**MCLR**") (computed in accordance with RBI guidelines) or External Benchmark Lending Rate ("**EBLR**") or are short-term fixed rate advances, which has enabled us, in most instances, to pass on any increase in interest rates to our customers and maintain our margins.

The following table sets forth the RBI's CRR, the reverse repo rate, the repo rate and marginal standing facility as of the indicated periods:

	CRR	**Reverse Repo Rate**	**Repo Rate**	**Marginal Standing Facility**
		(percentages)		
As of March 31, 2018.................................	4.00	5.75	6.00	6.25
As of March 31, 2019.................................	4.00	6.00	6.25	6.50
As of March 31, 2020.................................	3.00	4.00	4.40	4.65

Source: RBI

Indian banks generally follow the direction of interest rates set by the RBI and adjust both their deposit rates and lending rates upwards or downwards accordingly. Decreases in the RBI policy rates would prompt Indian banks to re-examine their lending rates. On December 5, 2018, the RBI published a report recommending the use of floating rate advances to certain external benchmarks, instead of the present system of internal benchmarks, Prime Lending Rate ("**PLR**"), BPLR, Base rate and MCLR. Further, RBI introduced the EBLR with effect from October 1, 2019 for all new floating rate personal or retail loans (such as housing loans and auto loans) and floating rate loans to Micro and Small Enterprises. The Bank's EBLR is linked to the six-month certificate of deposit rate as published by FBIL. Accordingly, the Bank is exposed to the risk of being unable to manage the gaps arising on account of repricing of assets and liabilities given differential underlying pricing variables. Adverse changes in prevailing interest rates may result in a decline in net interest income due to increase in our costs of funds or deposits without a corresponding increase in our yield on assets, and may also lead to a decline in demand for our loan products. See "*Risk Factors – Risks Relating to Our Business – Our financial performance may be materially and adversely affected by fluctuating interest rates*" on page 47.

Allocation of Funds

In recent years, there has been increased demand for funding across many sectors of the Indian economy. The growth of the Indian economy has enabled us to allocate our funds from government securities to advances, which offer us higher returns subject to maintaining minimum statutory requirements. Further, using our knowledge-driven approach to banking, we diversify our net interest income portfolio by lending to a mix of large corporate, emerging mid-size corporate, small and medium enterprises and retail customers across various industry segments.

Sources and Cost of Funding

During the last two quarters of the fiscal year 2020, our deposit base saw significant erosion on account of a combination of events such as invocation of Promoter's pledged shares, IT glitches where our customers were not able to transact in our Netbanking and Mobile Banking portals as well as the banking portals of other banks in the banking sector, problems arising from financial distress in another cooperative bank along with adverse share price movement of our listed stock, rise in NPA levels and deterioration in the Bank's capital adequacy parameters. This was further accentuated by the moratorium placed on the Bank by the Government of India on March 5, 2020. Upon completion of the capital infusion through the Reconstruction Scheme and resumption of normal operations after the lifting of the moratorium on March 18, 2020, the Bank was granted a short-term special liquidity facility for 90 days from the RBI, which was extended on June 15, 2020 for a further 90 days till September 12, 2020. As at March 31, 2020, the Bank has also raised certificate of deposits of ₹72 billion. The deposits of the Bank stood at ₹1,027,178.50 million as on May 2, 2020.

In addition to deposits, we have issued, and may continue to issue, subordinated debt to further enhance our capital adequacy ratios and build long-term stable funding. As of March 31, 2020, we had ₹183,433.88 million of Tier II debt outstanding, which constituted 7.11% of our total capital and liabilities as of that date. Our total liabilities are ₹2,578,321.64 million as of March 31, 2020.

Our cost of funding is dependent upon the prevailing interest rate environment, level of liquidity and intensity competition for funding in the industry, and mix of our source of funding. In the fiscal year 2020, our cost of funding was at 6.74% in comparison to 6.34% in fiscal year 2019.

Customer Relationships

The key drivers of our revenues from both our corporate and retail businesses are the number and quality of our customer relationships, as well as the range of products and services we are able to cross sell to each customer. We use a knowledge-based approach to banking by providing our customers with tailored solutions based on our knowledge of specific business sectors. We believe that such a knowledge-based approach deepens our relationships with our customers, allowing us to penetrate those relationships across our products and services. We have also recently introduced a wide range of retail asset products in order to enhance our product offerings to all our customers and compete more effectively with our peer banks. The number of customers we serve depends on the success of our relationship managers, the reach and strength of our growing distribution network, and the demand for, and competitiveness of, our products and services. We continue to increase our number of corporate and retail customers, introduce more retail products, improve our technology offerings to customers and enhance our distribution network. For our institutional business, revenues are driven primarily by the number, as well as quality, of our institutional and corporate customers, and our ability to grow our share of our customer's business by providing multiple products and services, appropriate business solutions and efficient execution.

Critical Accounting Policies

Critical accounting policies are those that are both: (a) relevant to the presentation of our financial condition and results of operations; and (b) require our management's most difficult, subjective or complex judgements, often as a result of the need to make estimates and assumptions about the effect of various matters. By their nature, the assumptions, estimates and judgements that our management is required to make are inherently subject to a degree of uncertainty. These judgements are based on our historical experience, our evaluation of accounting practices that would be appropriate in respect of our business, our observation of trends in the banking sector, information with respect to our customers, and information available from independent sources, as appropriate. While we believe that these judgements have been exercised by our management in good faith and with due consideration to all material effects on our financial statements, there can be no assurance that our management's judgement will prove correct or that actual results reported in future periods will not differ from our expectations reflected in the accounting treatment of certain items.

While we believe that all aspects of our financial statements should be reviewed when assessing our current and expected financial condition and results of operations, we believe that the following critical accounting policies warrant particular attention.

Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

- Interest income is recognized in the profit and loss account on accrual basis, except in the case of non-performing assets. Interest on non-performing assets is recognized as per the prudential norms of the RBI. Penal Interest is recognized upon certainty of its realization.
- Dividend income is recognized when the right to receive payment is established.
- Commission on guarantees issued by the Bank is recognized as income over the period of the guarantee.
- Commission on Letters of Credit ("**LC**") issued by the Bank is recognized as income at the time of issue of the LC.
- Income on non-coupon bearing discounted instruments is recognized over the tenure of the instrument on a straight line basis. In case of coupon bearing discounted instruments, discount income is recognized over the tenor of the instrument on yield basis.

- In case of Bonds and Pass Through Certificates ("**PTC**"), premium on redemption, if any, is amortised over the tenure of the instrument on a yield basis.
- Revenue from financial advisory services is recognized in line with milestones achieved as per terms of agreement with clients which is reflective of services rendered.
- Facility fees and loan processing fees are recognised when due and realizable.
- Other fees and commission are accounted for as and when they became due.

Investments

Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015.

Accounting and Classification

The Bank follows settlement date accounting for Investments. In compliance with RBI guidelines, all investments, are categorized as "Held for trading" ("**HFT**"), "Available for sale" ("**AFS**") or "Held to maturity" ("**HTM**") at the time of its purchase. For the purpose of disclosure in the balance sheet, investments are classified as disclosed in Schedule 8 ('Investments') under six groups (a) government securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others.

Cost of acquisition

Costs, such as brokerage pertaining to investments, paid at the time of acquisition and broken period interest are charged to the profit and loss account as per the RBI guidelines.

Basis of classification

Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT category. Investments that the Bank intends to hold till maturity are classified under the HTM category, or as per RBI guidelines. Securities which are not classified in the above categories are classified under the AFS category.

Transfer between categories

Reclassification of investments from one category to the other, if done, is in accordance with RBI guidelines. Transfer of scrips from AFS or HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS or HFT category, the investments held under HTM at a discount are transferred to AFS or HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS or HFT at the amortized cost.

Transfer of investments from AFS to HFT or vice versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

Valuation

Investments categorized under AFS and HFT categories are marked to market ("**MTM**") on a periodical basis as per relevant RBI guidelines. Net depreciation, if any, in the category under the classification mentioned in Schedule 8 ("**Investments**") is recognized in the profit and loss account. The net appreciation, if any, in the category under each classification is ignored, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to periodic valuation of investments.

Investments received in lieu of restructured advances scheme are valued in accordance with RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category. Depreciation on equity shares acquired and held by the Bank under restructuring scheme is provided as per RBI guidelines.

Investments classified under the HTM category are carried at their acquisition cost and any premium over the face value, paid on acquisition, is amortised on a straight line basis over the remaining period to maturity. Amortization expense of premia on investments in the HTM category is deducted from interest income in accordance with RBI Circular DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. Where in the opinion of management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made. Profit/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve.

Equity investments in subsidiaries/joint ventures are classified under 'Held to Maturity'. The Bank assesses these investments for any permanent diminution in value and appropriate provisions are made.

Treasury Bills, Commercial Paper and Certificates of deposit being discounted instruments, are valued at carrying cost.

Pass Through Certificates purchased for priority sector lending requirements are valued at Book Value in accordance with RBI guidelines.

The market/ fair value applied for the purpose of periodical valuation of quoted investments included in the AFS and HFT categories is the market price of the scrip as available from the trades/ quotes on the stock exchanges and for Subsidiary General Ledger ("**SGL**") account transactions, the prices as periodically declared by Financial Benchmarks India Pvt. Ltd.("**FBIL**").

The market/ fair value of unquoted government securities included in the AFS and HFT category is determined as per the prices published by FBIL. Further, in the case of unquoted bonds, debentures, pass through certificates (other than priority sector) and preference shares, valuation is carried out by applying an appropriate mark-up (reflecting associated credit risk) over the Yield to Maturity ("**YTM**") rates of government securities. Such mark up and YTM rates applied are as per the relevant rates published by FIMMDA/FBIL.

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is netted in the Investment schedule. The short position is marked to market and loss, if any, is charged to the Profit and Loss account while gain, if any, is ignored. Profit / Loss on settlement of the short position is recognised in the Profit and Loss account.

Units of Venture Capital Funds ("**VCF**") held under the AFS category is valued using the net asset value shown by VCF as per the financial statement. The VCFs are valued based on the audited results once per year. In the event that the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF.

Quoted equity shares are valued at their closing price on a recognized stock exchange. Unquoted equity shares are valued at the break-up value if the latest balance sheet is available or, if not, at ₹1 per company, as per relevant RBI guidelines.

At the end of each reporting period, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction company are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting date. In case of investment in Security Receipts on or after April 1, 2017 which are backed by more than 50% of the stressed assets sold by the bank or 10% of the stressed asset sold by the bank post April 1, 2018, provision for depreciation in value is made at higher of provisioning rate required in terms of net assets value declared by Reconstruction Company (RC) / Securitization Company (SC) or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continue in the books of the Bank. All other investments in the Security Receipts are valued as per the NAV obtained from issuing RC/SC.

Investments in quoted Mutual Fund ("**MF**") Units are valued at the latest repurchase price/net asset value declared by the mutual fund. Investments in un-quoted MF Units are valued on the basis of the latest re-purchase price declared by the MF in respect of each particular Scheme.

Investment in listed instruments of Real Estate Investment Trust ("**REIT**")/Infrastructure Investment Trust ("**INVIT**") is valued at closing price on a recognized stock exchange with the higher volumes. In case the instruments were not traded on any stock exchange within 15 days prior to date of valuation, valuation is done based on the latest NAV (not older than 1 year) submitted by the valuer.

Sovereign foreign currency bonds are valued using Composite Bloomberg Bond Trader ("**CBBT**") price or Bloomberg Valuation Service ("**BVAL**") price or on Treasury curve in the chronological order based on availability.

Non- Sovereign foreign currency Bonds are valued using either CBBT, BVAL price , Bloomberg Generic price ("**BGN**") , Last available CBBT pricing for the instrument or Proxy Bond Pricing from Bloomberg in the chronological order based on availability.

Masala bonds are valued using either CBBT price, BVAL price or as per FIMMDA guided valuation methodology for unquoted bonds in the chronological order based on availability.

Special bonds such as oil bonds, fertilizer bonds, UDAY bonds etc. which are directly issued by Government of India ("**GOI**") is valued based on FBIL valuation.

Equity shares in the Banks demat account, acquired through exercise of pledge, is not accounted as investments. Upon sale of the pledged shares, the proceeds are utilized to offset the borrower's liability

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. Based on management assessment of impairment, the Bank additionally creates provision over and above the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss account until received.

Profit/loss on sale of investments

Profit/Loss on sale of Investments in the HTM category is recognized in the profit and loss account and profit thereafter is appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/Loss on sale of investments in HFT and AFS categories is recognized in the Profit and Loss account.

Accounting for repos/reverse repos

Securities sold under agreements to repurchase ("**Repos**") and securities purchased under agreements to resell (Reverse Repos) including liquidity adjustment facility ("**LAF**") with RBI are treated as collateralized borrowing and lending transactions respectively in accordance with RBI master circular No. DBR.No.BP.BC.6/21.04.141/2015-16 dated 1 July 2015. The first leg of the repo transaction is contracted at the prevailing market rates. The difference between consideration amounts of first and second (reversal of first) leg reflects interest and is recognized as interest income/expense over the period of transaction.

Bank also undertakes Repo and Reverse repo transactions from IFSC Banking Unit in GIFT City in Foreign currency Sovereign Securities and accounting is similar to the domestic repo transactions.

Investment fluctuation reserve.

With a view to building up of adequate reserves to protect against increase in yields, RBI through circular number RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, advised all banks to create an IFR with effect from the FY 2018-19.

Transfer to IFR will be lower of the following (i) net profit on sale of investments during the year or (ii) net profit for the year less mandatory appropriations; until the amount of IFR is at least 2% of the HFT and AFS portfolio, on a continuing basis.

Advances

Accounting and classification

Advances are classified as performing and non-performing based on the relevant RBI guidelines. Advances are stated net of specific provisions, interest in suspense, inter-bank participation certificates issued, direct assignment and bills rediscounted.

Provisioning

Provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of the advances, subject to the minimum provisioning level prescribed in relevant RBI guidelines. The specific provision levels for retail non-performing assets are also based on the nature of product and delinquency levels. Specific provisions in respect of non-performing advances are charged to the Profit and Loss account and included under Provisions and Contingencies. From the quarter ended December 31, 2019, the Bank consider slippages in Corporate NPAs post the period end till the date of results / financial statement, while determining NPAs and related provisioning requirements.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted (except advances at IFSC Banking Unit (IBU)), the asset classification as of March 31, 2020 has been retained based on the overdue status as at February 29, 2020. As a consequence the Bank has not recognized any slippage in asset classification from standard to NPA post February 29, 2020 on account of moratorium.

As per the RBI guidelines a general provision is made on all standard advances, including provision for borrowers having unhedged foreign currency exposure and for credit exposures computed as per the current marked to market values of interest rate and foreign exchange derivative contracts. These also include provision for stressed sector exposures and provision for incremental exposure of the banking system to a specified borrower beyond Normally Permitted Lending Limit (NPLL) in proportion to bank's funded exposure to specified borrower. Such provisions are included in Schedule 5 - 'Other liabilities & provisions - Others'.

Transactions involving Foreign Exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Income and expenditure items of integral foreign operations (representative offices) are translated at the daily average closing rates and of non-integral foreign operations (foreign branches) at the monthly average closing rates.

Premia/discounts on foreign exchange swaps, that are used to hedge risks arising from foreign currency assets and liabilities, are amortized over the life of the swap.

Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India ("**FEDAI**"). Foreign exchange contracts are stated at net present value using LIBOR/SWAP curves of the respective currencies with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets (representing positive Mark-to-Market) and in other liabilities (representing negative Mark-to-Market ("**MTM**")) on a gross basis.

In accordance with AS 11 'The Effects of changes in Foreign Exchange Rates', contingent liabilities in respect of outstanding foreign exchange forward contracts, derivatives, guarantees, endorsements and other obligations are stated at the exchange rates notified by FEDAI corresponding to the balance sheet date.

Both monetary and non-monetary foreign currency assets and liabilities of non-integral foreign operations are translated at closing exchange rates notified by FEDAI at the Balance Sheet date and the resulting profit / loss arising from exchange differences are accumulated in the Foreign Currency Translation Account until the disposal of the net investment in the non-integral foreign operations.

In accordance with the RBI clarification, the Bank does not recognise in the profit and loss account the proportionate exchange gains or losses held in the foreign currency translation reserve on repatriation of profits from overseas operations.

Currency future contracts are marked to market daily using settlement price on a trading day, which is the closing price of the respective future contracts on that day. While the daily settlement prices is computed on the basis of weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the future contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit / loss is daily set.

Earnings per share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard (AS) 20, "Earnings per Share" notified under section 133 of the Companies Act 2013. Basic earnings per equity share have been computed by dividing net profit after tax for the year by the weighted average number of equity shares outstanding for the period.

Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares options outstanding during the period except where the results are anti-dilutive.

Accounting for Derivative Transactions

Derivative transactions comprise forward rate agreements, swaps and option contracts. The Bank undertakes derivative transactions for market making/trading and hedging on-balance sheet assets and liabilities. All market making/trading transactions are marked to market on a monthly basis and the resultant unrealized gains/losses are recognized in the profit and loss account.

Derivative transactions that are undertaken for hedging are accounted for on accrual basis except for the transaction designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements, which are accounted similar to the underlying asset or liability.

Cross currency interest rate swaps which are used by the Bank to hedge its foreign currency borrowings have been designated as cash flow hedges and are measured at fair value. The corresponding gain or loss is recognised as cash flow hedge reserve. Further to match profit and loss on account of revaluation of foreign currency borrowing, the corresponding amount is recycled from cash flow hedge reserve to Profit and Loss account.

The Bank follows the option premium accounting framework prescribed by FEDAI SPL- circular dated December 14, 2007. Premium on option transaction is recognized as income/expense on expiry or early termination of the transaction. Mark to market (MTM) gain/loss (adjusted for premium received/paid on option contracts) is recorded under 'Other Income'.

The amounts received/paid on cancellation of option contracts are recognized as realized gains/losses on options. Charges receivable/payable on cancellation/ termination of foreign exchange forward contracts and swaps are recognized as income/ expense on the date of cancellation/ termination under 'Other Income'.

Valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

The requirement for collateral and credit risk mitigation on derivative contracts is assessed based on internal credit policy. Overdue if any, on account of derivative transactions are accounted in accordance with extant RBI guidelines.

As per the RBI guidelines on 'Prudential Norms for Off-balance Sheet Exposures of Banks' a general provision is made on the current gross MTM gain of the contract for all outstanding interest rate and foreign exchange derivative transactions.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost comprises the purchase price and any cost attributable for bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit /functioning capability from / of such assets.

Depreciation

Depreciation on fixed assets is provided on straight-line method over estimated useful lives, as determined by the management, at the rates mentioned below.

Class of asset	Useful life of Assets as per Companies Act, 2013	Useful life of Assets as per Bank's Accounting Policy(2)
Owned Premises	60 years	60 years
Office equipment	5 years	5 years
Computer hardware	6 years	3 years
Computer software(1)	6 years	4 years
Vehicles	8 years	5 years
Furniture and Fixtures	10 years	10 years
Automated Teller Machines	15 years	10 years
Leasehold improvements to premises	-	Over the lease period or 9 years, whichever is less

Note:

(1) As per RBI guidelines.

(2) Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013

- Assets costing less than ₹5,000 are fully depreciated in the year of purchase.
- For assets purchased or sold during the year, depreciation is being provided on a pro rata basis by us.
- Improvements to leasehold assets are depreciated over the remaining period of lease.
- Reimbursement, if any, is recognized on receipt and is adjusted to the book value of asset and depreciated over the balance life of the asset.
- Whenever there is a revision in the estimated useful life of the asset, the unamortized depreciable amount is charged over the revised remaining useful life of the said asset.
- The useful life of assets is based on our historical experience, which is different from the useful life as prescribed in Schedule II to the Companies Act, 2013.

Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such assets are considered to be impaired, the impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the recoverable amount of the assets.

Employee Benefits

Employee Stock Option Scheme

The Employee Stock Option Scheme provides for the grant of options to acquire equity shares of the Bank to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within specified periods.Measurement of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI) and SEBI (Share Based Employee Benefits) Regulations, 2014. The Bank measures compensation cost relating to employee stock options using the intrinsic value method. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock (i.e. the last closing price on the stock exchange on the day preceding the date of grant of stock options) over the exercise price. The exercise price of the Bank's stock option is the last closing price on the stock exchange on the day preceding the date of grant of stock options and accordingly there is no compensation cost under the intrinsic value method.

Compensated Absence

The employees of the Bank are entitled to carry forward a part of their unavailed/unutilized leave subject to a maximum limit. The employees cannot encash unavailed/unutilized leave. The Bank provides for leave encashment / compensated absences based on an independent actuarial valuation at the Balance Sheet date, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation.

Gratuity

The Bank provides for gratuity, a defined benefit retirement plan, covering eligible employees. The plan provides for lump sum payments to vested employees at retirement or upon death while in employment or on termination of employment for an amount equivalent to 15 days' eligible salary payable for each completed year of service if the service is more than 5 years. The Bank accounts for the liability for future gratuity benefits using the projected unit cost method based on annual actuarial valuation.

The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS-15, Employee Benefits, to determine the present value of the defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognised in the Profit and Loss account.

Provident fund

In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre determined rate. Contribution to provident fund are recognized as expense as and when the services are rendered. The Bank has no liability for future provident fund benefits other than its annual contribution.

In February 2019, the honorable Supreme Court of India in its judgment clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). The Bank has been legally advised that there are interpretative challenges on the application of judgment retrospectively and as such does not consider there is any probable obligations for past periods. The Bank has given effect of this judgment from April 1, 2019 prospectively.

National Pension System

The NPS is a defined contribution retirement plan. The primary objective is enabling systematic savings and to provide retirees with an option to achieve financial stability. Pension contributions are invested in the pension fund schemes. The Bank has no liability for future fund benefits other than the voluntary contribution made by employees who agree to contribute to the scheme.

Leases

Leases where the lessor effectively retains substantially all risks and benefits of ownership are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease term in accordance with Accounting Standard-19, Leases.

Income Tax

Tax expense comprises current and deferred tax. Current tax comprises of the amount of tax for the period determined in accordance with the Income Tax Act, 1961 and the rules framed there under. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, all deferred tax assets are recognized only if there is virtual certainty of realization of such assets supported by convincing evidence. Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

Provisions and Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or a present obligation that arises from past events that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The Bank does not recognize a contingent liability but discloses its existence in the financial statements

In accordance with AS 29, Provisions, Contingent Liabilities and Contingent Assets, the Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice

Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Profit and Loss account.

Debit and credit cards reward points

The Bank estimates the probable redemption of debit and credit card reward points and cost per point using actuarial valuation method by employing an independent actuary, which includes assumptions such as mortality, redemption and spends.

Provisions for liabilities on said reward points are made based on the actuarial valuation report as furnished by the said independent actuary and included in other liabilities.

Bullion

The Bank imports bullion including precious metal bars on a consignment basis for selling to its customers. The imports are typically on a back-to-back basis and are priced to the customer based on a price quoted by the supplier. The Bank earns a fee on such bullion transactions. The fee is classified in other income. The Bank also deals in bullion on a borrowing and lending basis and the interest paid / received thereon is classified as interest expense / income respectively.

Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

Segment Information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

Priority Sector Lending Certificates ("PSLC")

The Bank, in accordance with RBI circular FIDD.CO.Plan.BC.23/ 04.09.01/2015-16 dated April 7, 2016, trades in priority sector portfolio by selling or buying PSLC. There is no transfer of risks or loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received from the sale of PSLCs is treated as 'Other Income'.

Divergence

The table below sets forth the divergence in asset classification and provisioning for NPAs as of March 31, 2019:

Particulars	(in ₹ million)
Gross NPAs as on March 31, 2019 as reported by the Bank (A)	78,825.59
Gross NPAs as on March 31, 2019 as assessed by RBI (B)	111,595.59
Divergence in Gross NPAs (B) – (A)	32,770.00
Net NPAs as on March 31, 2019 as reported by the Bank (C)	44,848.49
Net NPAs as on March 31, 2019 as assessed by RBI (D)	67,838.49
Divergence in Net NPAs (D) – (C)	22,990.00
Provisions for NPAs as on March 31, 2019 as reported by the Bank (E)	33,977.10
Provisions for NPAs as on March 31, 2019 as assessed by RBI (F)	43,757.10
Divergence in provisioning (F) – (E)	9,780.00
Reported Net Profits after Tax (PAT) for the year ended March 31, 2019	17,202.79
Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning	10,840.31

Summary of Changes to Significant Accounting Policies

There have been no changes in our significant accounting policy as of and for the financial years ended March 31, 2018, 2019 and 2020. For further details, see "*Financial Statements*" on page 264.

Components of Income and Expenditure

Income

Our income consists of interest earned and other income.

Interest earned

Interest earned consists of interest on advances and discounts on bills, interest from investments and other inter-bank and RBI funds and other interest income. See "*– Critical Accounting Policies – Revenue Recognition*" on page 434. Income from investments consists of interest on securities and other investments.

Our securities portfolio consists primarily of government securities, corporate bonds and commercial paper. We meet our SLR requirements through these investments. We also hold debentures and bonds issued by public sector undertakings and other corporations, commercial paper, equity shares, mutual fund units, certificate of deposits and pass-through certificates of asset-backed and mortgage-backed securities.

Other income

Our other income consists principally of income derived from non-interest sources, including income from commission, exchange and brokerage which includes fees from opening and negotiating letters of credit, financial and performance guarantees, investment banking, debt structuring, loan syndication, mergers and acquisitions advisory services, underwriting, as well as profit on the sale of investments, profit on exchange transactions and miscellaneous income. Miscellaneous income consists primarily of income from derivative transactions, third-party sales of insurance and mutual fund products and charges and fees collected from customers, among others.

Expenditure

Interest expended

Our interest expended consists of interest on deposits, interest on borrowing from the RBI and inter-bank for call money and term money, interest on Tier I and Tier II borrowings and interest on other borrowings. Both our interest income and expenditure are affected by fluctuations in interest rates as well as the volume of activity. Our interest expenditure is also affected to the extent we fund our activities with low-interest or non-interest deposits, and the extent to which we rely on borrowings.

Operating expenses

Our operating expenses consist principally of employee expenses, rent, taxes, lighting, IT outsourcing costs, depreciation on fixed assets, printing and stationery, insurance, advertisement and publicity, communications, repair and maintenance, legal fees and expenses, auditors' fees and expenses, directors' fees/allowances and expenses, and other expenditure. Other expenditure consists primarily of information and technology expense, stamp duty, security and housekeeping charges, travel expenses, and ATM expenses.

Provisions and contingencies

Our provisions and contingencies consist of provision for taxation, provision for investments, provision for nonperforming assets (including write-offs net of recoveries), provision for standard advances and other provisions.

Fiscal year 2020 compared to fiscal year 2019

Unless otherwise specified, all information regarding cost, yield and average balances is based on monthly average balances outstanding during the relevant period.

Summary of Consolidated Profit and Loss Account

	Fiscal Year		
	2019	**2020**	**% change**
	(in ₹ million, except percentages)		
Net Interest Income	98,125.12	67,939.57	(30.76)
Other Income	46,754.81	35,410.99	(24.26)
Operating Expense	63,614.28	68,701.46	8.00
Provisions and Contingencies (excluding tax)	57,775.60	327,181.04	466.30
Tax Expense	6,397.4	(65,236.68)	(1,119.74)
Extraordinary Item (Net of tax)	0.00	62,969.45	100
Net Profit / (Loss) for the period	**17,092.66**	**(164,325.80)**	(1,061.38)

Net Interest Income

Our net interest income decreased by 30.76% from ₹98,125.12 million in fiscal year 2019 to ₹67,939.57 million in fiscal year 2020. The following table sets forth the components of our net interest income.

	Fiscal Year		
	2019	2020	% change
	(in ₹ million, except percentages)		
Interest/discounts on advances/bills	229,185.39	212,466.00	(7.30)
Income on investments	60,484.22	42,609.20	(29.55)
Interest on balances with RBI and other inter-bank funds	3,975.74	2,103.70	(47.09)
Others	2,592.65	3,341.30	28.88
Interest Earned (A)	**296,237.99**	**260,520.17**	**(12.06)**
Interest on deposits	136,826.85	120,019.41	(12.28)
Interest on Reserve Bank of India/inter-bank borrowings/Tier I and Tier II debt instruments	60,764.72	66,661.23	9.70
Others	521.30	5,899.96	1031.79
Interest Expended (B)	**198,112.87**	**192,580.60**	**(2.79)**
Net Interest Income (A-B)	**98,125.12**	**67,939.57**	**(30.76)**

The decrease in net interest income is primarily due to interest derecognition on account of increase in NPA and higher interest cost on borrowings.

Interest Income

Our total interest income decreased by 12.06%, from ₹296,237.99 million in fiscal year 2019 to ₹260,520.17 million in fiscal year 2020. The decrease in interest income was due to the following:

- increase in the Bank's gross NPA of ₹328,775.88 million in fiscal year 2020 as compared to ₹78,825.59 million of gross NPA in fiscal year 2019. Additionally, non-SLR investment amounting to ₹91,069.68 million slipped into NPI in fiscal year 2020.
- our interest income on investments decreased by 29.55%. These investments included investments in government securities (including investments held to meet SLR requirements), debentures and bonds, pass-through certificates, commercial papers and certificates of deposit. Our average investments decreased by 19.16%, from ₹838,402.86 million in fiscal year 2019 to ₹677,733.31 million in fiscal year 2020 while the yield on investments decreased from 7.21% in fiscal year 2019 to 6.29% in fiscal year 2020. This decrease in average investments is mainly on account of lower requirement due to decrease in the net demand and time liabilities requirement and to the Bank having sold certain SLR and non-SLR investments.

Interest Expense

Our total interest expense decreased by 2.79% from ₹198,112.87 million in fiscal year 2019 to ₹192,580.60 million in fiscal year 2020. Our interest expense arising from borrowings from the RBI, other banks, our Tier I and Tier II debt instruments and other borrowings increased by 9.70% from ₹60,764.72 million in fiscal year 2019 to ₹66,661.23 million in fiscal year 2020. The increase in interest expense was due to an increase in average borrowing from ₹978,780.09 million in fiscal year 2019 to ₹1,040,344.22 million in fiscal year 2020 and an increase in average cost of borrowing (excluding capital instruments) from 6.26% in fiscal year 2019 to 6.97% in fiscal year 2020. Our interest expense on deposits decreased from ₹136,871.14 million in fiscal year 2019 to ₹120,052.79 million in fiscal year 2020 as our average deposit balance decreased from ₹2,148,145.15 million to ₹1,817,638.45 million primarily due to the impact of the moratorium which was imposed on the Bank in March 2020 which resulted in an accelerated withdrawal of deposits by our customers.

Other Income

Excluding extraordinary income, our other income decreased by 24.26% from ₹46,754.81 million in fiscal year 2019 to ₹35,410.99 million in fiscal year 2020. This decrease was primarily due to lower commission exchange and brokerage income arising from a decrease in foreign exchange, debt capital markets, securities and corporate banking fees.

Our commission, exchange and brokerage income mainly comprised income from opening and negotiating letters of credit, commission charged on financial guarantees and performance guarantees, cash management services, forex, financial advisory and underwriting services, loan processing fees, transaction fees and fees for loan syndication. Income from such sources decreased by 58.02% from ₹36,352.66 million in fiscal year 2019 to

₹15,259.28 million in fiscal year 2020 primarily due to a decrease in corporate banking fees. The decrease in corporate banking fees was on account of shrinkage in the corporate loan book and lack of orgination of new deals in fiscal year 2020.

Our profit on the sale of investments (net) increased from ₹3,174.84 million in fiscal year 2019 to ₹11,134.58 million in fiscal year 2020 due to higher sale of investments. In fiscal year 2020, the Bank sold HTM investments at a profit of ₹8,874.01 million.

Operating Expense

Our operating expenses increased by 8.00% from ₹63,614.28 million in fiscal year 2019 to ₹68,701.46 million in fiscal year 2020. The increase in operating expense was due to an increase in employee cost from ₹25,381.13 million in fiscal year 2019 to ₹26,913.25 million in fiscal year 2020 as the headcount increased from 21,136 in fiscal year 2019 to 22,973 in fiscal year 2020. Other expenditure increased by 11.93% from ₹26,539.82 million in fiscal year 2019 to ₹29,705.41 million in fiscal year 2020 due to investments in technology platforms and other initiatives. Payment to and provision for employees accounted for 39.90% of our operating expense in fiscal year 2019 compared to 39.17% in fiscal year 2020. Depreciation on the Bank's property increased by 11.94% from ₹3,054.51 million in fiscal year 2019 to ₹3,419.33 million in fiscal year 2020. Directors' fees, allowances and expenses increased by 24.14% from ₹46.61 million in fiscal year 2019 to ₹57.87 million in fiscal year 2020.

Provisions and Contingencies

Our provisions and contingencies increased by 466.99% from ₹57,775.64 million in fiscal year 2019 to ₹327,584.30 million in fiscal year 2020 primarily due to increase in provision for NPAs and NPIs. We also took into account the impact of the RBI Divergence Report 2019 and increased our NPA provision resulting in the increase of the the Bank's PCR from 43.10% on March 31, 2019 to 73.77% on March 31, 2020. Our provision costs for investments increased from ₹6,824.89 million in fiscal year 2019 to ₹64,415.77 million in fiscal year 2020.

Our NPA provisions increased from ₹25,669.54 million in fiscal year 2019 to ₹278,060.36 million in fiscal year 2020, largely due to higher slippages of ₹372,724.86 million in fiscal year 2020 compared to ₹79,703.31 million in fiscal year 2019 and step up in PCR. The Bank's PCR was 73.77% as of March 31, 2020 and our gross and net NPAs were 16.80% and 5.03% of our gross advances and net advances, respectively.

Our provision for taxation decreased from a cost of ₹6,397.39 million in fiscal year 2019 to a gain of ₹44,056.13 million in fiscal year 2020, primarily due to pre tax losses on the back of higher provisioning requirements. The rate of income tax changed from 34.94% to 25.17% in fiscal year 2020. The re-measurement of accumulated deferred tax asset resulted in a one-time additional tax charge of ₹7,086.10 million.

Net profit

As a result of the above, our net profit of ₹17,092.66 million in fiscal year 2019 decreased to a net loss of ₹164,325.81 million in fiscal year 2020.

Fiscal year 2019 compared to fiscal year 2018

Unless otherwise specified, all information regarding cost, yield and average balances is based on monthly average balances outstanding during the relevant period.

Summary of Consolidated Profit and Loss Account

	Fiscal Year		
	2018	**2019**	**% change**
	(in ₹ million, except percentages)		
Net Interest Income	77,391.65	98,125.12	26.79
Other Income	52,931.51	46,754.81	(11.67)
Operating Expense	52,735.40	63,614.28	20.63
Provisions and Contingencies (excluding tax)	15,542.39	57,775.60	271.73
Provision for Taxation	19,713.16	6,397.39	(67.55)
Net Profit for the Year	**42,332.21**	**17,092.66**	**(59.62)**

Net Interest Income

Our net interest income increased by 26.79% from ₹77,391.65 million in the fiscal year 2018 to ₹98,125.12 million in the fiscal year 2019. The following table sets forth the components of our net interest income.

	Fiscal Year		
	2018	2019	% change
	(in ₹ million, except percentages)		
Interest/discounts on advances/bills	154,778.49	229,185.39	48.07
Income on investments	41,025.31	60,484.22	47.42
Interest on balances with RBI and other inter-bank funds	5,160.73	3,975.74	(22.96)
Others	1,721.42	2,592.65	50.61
Interest Earned (A)	**202,685.95**	**296,397.99**	**46.16**
Interest on deposits	93,824.81	136,826.85	45.83
Interest on Reserve Bank of India/inter-bank borrowings/Tier I and Tier II debt instruments	29,840,50	60,764.72	103.63
Others	1,628.99	521.30	(68.00)
Interest Expended (B)	125,294.30	198,112.87	58.12
Net Interest Income (A-B)	**77,391.65**	**98,125.12**	**26.79**

The increase in net interest income is primarily due to interest and discount on advances and bills and interest on investments.

Interest Income

Our total interest income increased by 46.16%, from ₹202,685.95 million in the fiscal year 2018 to ₹296,237.99 million in the fiscal year 2019. The increase in interest income was due to the following:

- our interest income on advances and discounts on bills increased by 48.07%. This increase was primarily due to an increase in average advances from ₹1,573,479.18 million in the fiscal year 2018 to ₹2,328,225.64 million in the fiscal year 2019 while the average yield on advances improved by 1 basis point to 9.85% in the fiscal year 2019; and
- our interest income on investments increased by 47.43%. These investments included investments in government securities (including investments held to meet SLR requirements), debentures and bonds, pass-through certificates, commercial papers and certificates of deposit. Our average investments increased by 43.52%, from ₹584,177.17 million in fiscal year 2018 to ₹838,402.86 million in the fiscal year 2019 while the yield on investments increased from 7.02% in the fiscal year 2018 to 7.21% in the fiscal year 2019, primarily due to hardening of bond yields and some increase in corporate bond spreads.

Interest Expense

Our total interest expense increased by 58.12% from ₹125,294.30 million in fiscal year 2018 to ₹198,112.87 million in fiscal year 2019. The increase in interest expense was due to an increase in average deposits from ₹1,602,212.50 million in fiscal year 2018 to ₹2,148,145.15 million in fiscal year 2019 and increase in average cost from 5.86% in fiscal year 2018 to 6.37% in fiscal year 2019 due to a rise in domestic interest rates in India, higher competition among Banks to garner deposits in a subdued market environment, and the liquidity tightening in the second half of fiscal year 2019.

Our interest expense on borrowing from RBI, inter-bank, Tier I and Tier II debt instruments and others increased by 103.63% from ₹29,840.50 million in fiscal year 2018 to ₹60,764.72 million in the fiscal year 2019, primarily on account of higher Tier I/II borrowings to support the balance sheet growth. We increased our year end borrowings from ₹748,935.81 million in the fiscal year 2018 to ₹1,084,241.09 million in the fiscal year 2019, and our average borrowings increased from ₹515,695.57 million with an average cost of borrowing of 6.10% in fiscal year 2018 to ₹978,780.09 million with an average cost of borrowing of 6.26% in fiscal year 2019. The Bank issued ₹30,420 million of Tier II capital in the fiscal year 2019.

Other Income

Our other income decreased by 11.67% from ₹52,931.51 million in the fiscal year 2018 to ₹46,754.81 million in the fiscal year 2019. This decrease was primarily due to lower commission exchange and brokerage income arising from a decrease in foreign exchange, debt capital markets, securities and corporate banking fees.

Our commission, exchange and brokerage income mainly comprised income from opening and negotiating letters of credit, commission charged on financial guarantees and performance guarantees, cash management services, forex, financial advisory and underwriting services, loan processing fees, transaction fees and fees for loan syndication. Income from such sources decreased by 13.59% from ₹42,070.72 million in the fiscal year 2018 to ₹36,352.66 million in the fiscal year 2019 due to a decrease in foreign exchange, debt capital markets, securities and corporate banking fees. The decrease in corporate banking fees for the quarter and year ended March 31, 2019 is on account of a one-time reversal of fees of ₹2,789.60 million booked during the previous periods due to cancelation of a facility.

Our profit on the sale of investments (net) decreased substantially from ₹5,134.74 million in the fiscal year 2018 to ₹3,174.84 million in the fiscal year 2019 due to rising bond rates and corporate spreads.

Operating Expense

Our operating expenses increased by 20.63% from ₹52,735.40 million in the fiscal year 2018 to ₹63,614.28 million in the fiscal year 2019. The increase in operating expense was due to an increase in employee cost from ₹22,346.64 million in fiscal year 2018 to ₹25,381.13 million in fiscal year 2019 as the headcount increased from 18,397 in fiscal year 2018 to 21,429 in fiscal year 2019. Other expenditure increased by 35.58% from ₹19,575.69 million in fiscal year 2018 to ₹26,539.82 million in fiscal year 2019 due to investments in technology platforms and other expansionary initiatives. Payment to and provision for employees accounted for 42.38% of our operating expense in the fiscal year 2018 compared to 39.90% in the fiscal year 2019. Rent, taxes and lighting costs decreased by 7.63% to ₹4,237.41 million in fiscal year 2019 as compared to ₹4,587.56 million in fiscal year 2018 on account of cost savings. Other reason for increase in operating expenses was an increase in other expenditure due to credit card related promotional expenses, ATM management, training and IT related expenses.

Provisions and Contingencies

Our provisions and contingencies increased by 82.02% from ₹35,255.55 million in the fiscal year 2018 to ₹64,172.99 million in the fiscal year 2019, primarily due to provision for investments, standard assets and NPAs. The Bank created a contingency provision of ₹21,000 million towards an identified pool of accounts from the real estate, media and infrastructure sectors, which in aggregate amounted to approximately 50% of the BB & Below book, as certain identified performing accounts were faced with stress due to market and liquidity conditions. The banking industry has gone through a credit cycle with elevated credit costs which we expect to normalise over the next couple of years. Since March 31, 2019, the non-banking financial companies in the financial services industry have experienced rating downgrades by virtue of which the provisioning for mark-to-market losses on the Bank's investment portfolio can be significant. This provision may also be transitionary in nature, as the accounts are performing well and are not expected to have any eventual delinquency in principal repayments.

Our NPA provisions increased from ₹10,792.64 million in the fiscal year 2018 to ₹25,669.54 million in the fiscal year 2019, largely due to providing for the slippage of an infrastructure conglomerate. The Bank's NPA provisioning coverage was 43.10% as of March 31, 2019 and our gross and net NPAs were 3.22% and 1.86% of our gross advances and net advances, respectively.

Our provision for standard advances increased from ₹1,687.43 million for the fiscal year 2018 to ₹22,514.06 million for the fiscal year 2019, due to a contingent provision of ₹21,000 million against an identified pool of performing assets facing stress due to the prevalent market and liquidity condition.

Our provision for taxation decreased by 67.55% from ₹19,713.16 million in the fiscal year 2018 to ₹6,397.39 million in the fiscal year 2019, primarily due to the creation of a contingent provision and lower corporate fees.

Net profit

As a result of the above, our net profit decreased by 59.62% from ₹42,332.21 million in the fiscal year 2018 to ₹17,092.66 million in the fiscal year 2019.

Financial Condition

Assets

The following table sets forth the principal components of our assets as of March 31, 2018, 2019 and 2020.

	As of March 31,		
	2018	2019	2020
		(in ₹ million)	
Cash and balances with the RBI	114,257.49	107,977.37	59,436.55
Balance with banks and money at call and short notice	133,280.68	161,871.94	24,867.03
Investments...	682,934.39	893,285.33	437,478.03
Advances	2,035,188.25	2,413,971.85	1,714,330.90
Fixed assets...	8,372.96	8,298.87	10,233.84
Other assets...	150,462.77	223,190.74	331,975.29
Total assets..	3,124,496.54	3,808,596.10	2,578,321.64

Our total assets increased by 21.89% from ₹3,124,496.54 million as of March 31, 2018 to ₹3,808,596.10 million as of March 31, 2019, and decreased by 32.30% to ₹2,578,321.64 million as of March 31, 2020. Growth during the fiscal year ending March 31, 2019 was primarily driven by a 62.3% increase in our retail banking advances and opportunities prevailing in the corporate segment on account of liquidity conditions in the broader financial services space. The decrease in total assets as at March 31, 2020 as compared to March 31, 2019 was primarily due to selldown of both advances and investments and higher Interbank Participation Certificates to conserve capital.

Cash and balances with the RBI decreased by 5.50% from ₹114,257.49 million as of March 31, 2018 to ₹107,977.37 million as of March 31, 2019, and decreased by 44.95% to ₹59,436.55 million as of March 31, 2020.

Investments increased by 30.80% from ₹682,934.39 million as of March 31, 2018 to ₹893,285.33 million as of March 31, 2019, and decreased by 51.03% to ₹439,148.3 million as of March 31, 2020.

Advances increased by 18.61% from ₹2,035,188.25 million as of March 31, 2018 to ₹2,413,971.85 million as of March 31, 2019, and decreased by 28.98% to ₹1,714,330.90 million as of March 31, 2020.

Other assets increased by 48.34% from ₹150,462.77 million as of March 31, 2018 to ₹223,190.74 million as of March 31, 2019, and increased by 48.74% to ₹331,975.29 million as of March 31, 2020.

Liabilities and Shareholders' Funds

The following table sets forth the principal components of our liabilities and shareholders' funds as of March 31, 2018, 2019 and 2020.

	As of March 31,		
	2018	2019	2020
		(in ₹ million)	
Capital	4,605.93	4,630.07	25,100.94
Reserves and surplus	252,919.14	264,244.04	191,848.66
Total shareholders' funds.................................	257,525.07	268,874.11	216,949.60
Deposits..	2,006,886.04	2,275,579.03	1,053,111.68
Borrowings	748,935.81	1,084,241.09	1,137,905.03
Other liabilities and provisions........................	111,149.62	179,901.88	170,355.33
Total Capital and Liability...............................	3,124,496.54	3,808,596.10	2,578,321.64

Our total liabilities and shareholders' funds increased by 21.89% from ₹3,124,496.54 million as of March 31, 2018 to ₹3,808,596.10 million as of March 31, 2019 and decreased by 32.30% to ₹2,578,321.64 million as of March 31, 2020 primarily due to a decrease in deposits.

Capital increased by 0.52% from ₹4,605.93 million as of March 31, 2018 to ₹4,630.07 million as of March 31, 2019, and increased by 442.13% to ₹25,100.94 million as of March 31, 2020 due to the infusion of capital on account of the Reconstruction Scheme, a Qualified Institutions Placement ("**QIP**") and the exercise of employee stock options.

Further, our reserves and surplus increased by 4.48% from ₹252,919.14 million as of March 31, 2018 to ₹264,244.04 million as of March 31, 2019, and decreased by 27.40% to ₹191,848.66 million as of March 31, 2020.

Deposits increased by 13.39% from ₹2,006,886.04 million as of March 31, 2018 to ₹2,275,579.03 million as of March 31, 2019, and decreased by 53.72% to ₹1,053,111.68 million as of March 31, 2020.The forced sale of one of our promoters' pledged shares in early October 2019, together with the moratorium imposed on another cooperative bank, resulted in a significant fall in our stock price and this affected depositors' confidence. This in turn resulted in an accelerated withdrawal of deposits.

Further, our borrowings increased by 44.77% from ₹748,935.81 million as of March 31, 2018 to ₹1,084,241.09 million as of March 31, 2019, and increased by 4.95% to ₹1,137,905.03 million as of March 31, 2020.

Other liabilities and provisions increased by 61.86% from ₹111,149.62 million as of March 31, 2018 to ₹179,901.88 million as of March 31, 2019, and decreased by 5.31% to ₹170,355.33million as of March 31, 2020.

Liquidity and Capital Resources

Capital Adequacy

The following table sets out our capital adequacy ratios as of March 31, 2018, 2019 and 2020, calculated according to RBI guidelines.

	As of March 31,		
	2018	**2019**	**2020**
	(in ₹ million, except percentages)		
Common Equity Tier I	248,503.97	256,989.71	151,738.68
Additional Tier I Capital	88,879.76	87,871.00	3,414.00
Tier I capital	337,383.73	344,860.71	155,152.68
Tier II capital	132,373.34	159,730.59	152,940.48
Total Capital	469,757.06	504,591.30	308,093.16
Credit Risk – RWA	2,232,542.97	2,678,862.12	2,036,091.58
Market Risk – RWA	181,613.67	191,932.33	137,164.65
Operational Risk – RWA	139,276.11	184,986.56	228,985.68
Total risk weighted assets	2,553,432.74	3,055,781.01	2,402,241.90
Common Equity Capital Adequacy Ratio (%)[1]	9.7	8.4	6.3
Tier I Capital Adequacy Ratio (%)[1]	13.2	11.3	6.5
Tier II Capital Adequacy Ratio (%)[1]	5.2	5.2	2.0
Total Capital Adequacy Ratio (%)[1]	18.4	16.5	8.5

Note:

(1) The Tier 1 ratio of the Bank was below the regulatory minimum requirements and hence as per RBI guidelines the Tier II ratio is restricted to 2%.

We have adopted a Board-approved policy on our internal capital adequacy and assessment process, which defines and sets processes to review and improve the techniques used for identification, measurement and assessment of all material risks and resultant capital requirements.

Tier I capital consists of equity capital, statutory reserves, other disclosed free reserves, capital reserves and innovative perpetual debt instruments eligible for inclusion in Tier I capital. The Tier II capital consists of general provision and loss reserves, upper Tier II instruments and subordinate debt instruments eligible for inclusion in Tier II capital.

According to the terms and conditions of our banking license, the RBI requires us to maintain a minimum CRAR of 11.50%. The Bank moved to RBI Basel III Capital Regulations as implemented by RBI from April 1, 2013. Indian banks must comply with the regulatory limits and requirements as prescribed under RBI Basel III Capital Regulations, on an ongoing basis, with full implementation of such regulations by March 31, 2019, in a phased manner, which has been since extended till September 30, 2020 by the RBI. For a description of the RBI's capital adequacy guidelines, see "*Key Regulation and Policies in India*" on page 214.

As of March 31, 2020, our capital adequacy ratio under the RBI Basel III Capital Regulations was 8.5%, with a Tier I capital adequacy ratio of 6.5%, a Tier II capital adequacy ratio of 2.0% and a CET I capital adequacy ratio of 6.3%. The Tier 1 ratio of the Bank was below the regulatory minimum requirements and hence as per RBI guidelines the Tier II ratio is restricted to 2.0%. As such, Tier II capital funds were at ₹152,940.48 million (6.4% of RWAs) as of March 31, 2020, however, they are restricted to 2% in line with RBI Basel III Regulations. The total CRAR, without such restriction, would be 12.8%.

As of March 31, 2019, our capital adequacy ratio under the RBI Basel III Capital Regulations was 16.5%, with a Tier I capital adequacy ratio of 11.3%, a Tier II capital adequacy ratio of 5.2% and a CET I capital adequacy ratio of 8.4%.

As of March 31, 2018, under the Basel III guidelines, our CRAR, Tier I and Tier II capital adequacy ratios were 18.4%, 13.2% and 5.2% respectively.

Going forward, we intend to finance our capital resource needs primarily through earnings, Tier I and Tier II borrowings, and from the proceeds of this Issue as well as future issue of any additional equity securities.

Our current sources of funding (other than equity capital) are term deposits and demand deposits from our retail and corporate customers and borrowings (which include our Tier II subordinated debt and perpetual debt issuances). The cost of funds obtained is sensitive to interest rate fluctuations, which expose us to the risk that increasing interest rates will reduce our margins, if we are unable to pass on the increased rates to our customers. The pricing on our issuances of debt will also be negatively impacted by any downgrade or potential downgrade in our credit ratings. Please refer to "*Risk Factors – Any downgrade of our debt ratings or of India's debt rating by international rating agencies could adversely affect our business.*" In addition, attracting customer deposits in the Indian market is competitive. The rates that we must pay to attract deposits will be determined by numerous factors such as interest rates, Indian monetary policy, inflation and demand. As of March 31, 2020, we have ₹72,000 million of our ₹200,000.00 million certificate of deposit program outstanding.

We issue certificates of deposit to mutual funds, banks and other investors for tenors between seven days and one year.

We are subject to the capital adequacy guidelines stipulated by the RBI Tier I capital which consists of equity capital, statutory reserves, other disclosed free reserves, capital reserves and innovative perpetual debt instruments eligible for inclusion in Tier I capital. Tier II capital consists of general provision and loss reserves, upper Tier II instruments and subordinated debt instruments eligible for inclusion in Tier II capital.

Capital Raising

During fiscal year 2020, we issued 231,055,018 equity shares at ₹2 each for cash pursuant to a QIP at ₹83.55 per share aggregating ₹19,304.65 million. We accreted ₹18,342.54 million (net of share issue expenses of ₹500.00 million) as premium. Further, as per the Reconstruction Scheme, we issued 10,000,000,000 equity shares at ₹10 aggregating ₹100,000 million. We accreted ₹79,550 million (net of share issue expenses of ₹450.00 million) as premium. We also issued 4,384,174 shares pursuant to the exercise of stock options aggregating ₹284.53 million as of March 31, 2020.

During the fiscal year 2019, we issued 12,065,794 equity shares pursuant to the exercise of stock options aggregating ₹953.47 million.

During the fiscal year 2018, we issued 20,538,180 shares pursuant to the exercise of stock options aggregating ₹1,378.65 million.

For a description of our capital raising since incorporation please see "*Capital Structure*" on page 92.

Cash Flows

	Fiscal Year		
	2018	2019	2020
		(in ₹ million)	
Net cash from / used in operating activities	(218,104.44)	(245,733.01)	(577,212.21)
Net cash from / used in investing activities...............................	(87,448.96)	(62,936.89)	141,919.32
Net cash from / used in financing activities	357,479.19	330,393.23	250,383.09
Effect of exchange fluctuation on translation reserve	65.80	587.81	(635.92)
Net increase / decrease in cash & cash equivalents...................	51,991.59	22,311.14	(185,545.72)
Cash & cash equivalents at the beginning of the year	195,546.58	247,538.17	269,849.31
Cash & cash equivalents at the end of the year	247,538.17	269,849.31	84,303.58

In accordance with RBI circular DBR.BP.BC.No.31/21.04.018/2015-16 dated July 16, 2015, we have classified deposits placed with NABARD/SIDBI/NHB for meeting any shortfall in Priority Sector Lending under "Other Assets", which were earlier included under "Investments". Accordingly, cash flow figures of such deposits for the previous period have been reclassified as Operating Activity from Investment Activity.

Cash Flows from / (used in) Operating Activities

Net cash from operations in fiscal year 2020 resulted primarily in a decrease in advances of ₹421,580.60 million, provision/write-off of non-performing advances of ₹278,060.36 million and a decrease in investments of ₹241,661.94 million. This was offset by a decrease in deposits of ₹1,222,467.35 million, net loss before taxes of ₹208,381.93 million, and a decrease in other assets of ₹107,244.75 million.

Net cash from operations in fiscal year 2019 resulted primarily from net profit before taxes of ₹23,490.05 million, adjusted for a provision/write-off of non-performing advances of ₹25,669.54 million, and a net increase in deposits of ₹268,693.00 million and a net increase in other liabilities of ₹38,421.43 million. This was offset by an increase in advances of ₹404,453.14 million and an increase in held-for-trading investments and available-for-sale investments of ₹159,318.01 million.

Net cash from operations in fiscal year 2018 resulted primarily from net profit before taxes of ₹62,045.36 million, adjusted for a provision/write-off of non-performing advances of ₹10,792.64 million, and a net increase in deposits of ₹578,311.60 million and in provision for standard advances of ₹1,687.43 million. This was offset by an increase in advances of ₹725,041.55 million, and an increase in held-for-trading investments and available-for-sale investments of ₹103,781.67 million.

Cash Flow from / (used in) Investing Activities

In fiscal years 2018, 2019 and 2020, net cash used in investing activities was ₹(87,488.96) million, ₹(62,936.89) million and ₹141,919.32 million, respectively. This was primarily used to purchase or were proceeds from sale of Held To Maturity securities, investment in subsidiaries and purchase of fixed assets.

Cash Flow from / (used in) Financing Activities

In fiscal years 2018, 2019 and 2020, net cash generated from financing activities was ₹357,479.19 million, ₹330,393.23 million and ₹250,383.09 million, respectively. This was primarily due to proceeds from issuance of equity shares, decrease in borrowings and Tier II debt raise.

Capital Expenditure (Purchase of Fixed Assets)

Our capital expenditure consists principally of branch network expansion as well as investments in technology and communication infrastructure. We have incurred aggregate capital expenditure of ₹3,963.42 million, ₹3,245.14 million, and ₹2,992.74 million during fiscal years 2018, 2019 and 2020, respectively.

Financial Instruments and Off-Balance Sheet Arrangements

Contingent Liabilities

As of March 31, 2020, we had contingent liabilities arising from capital commitments of ₹3,213.83 million and had certain outstanding orders for acquisition of certain capital assets for our business. We also have contingent liabilities in the form of foreign exchange and derivative contracts and documentary credits and guarantees on behalf of our customers.

Foreign exchange and derivative contracts

We enter into foreign exchange and derivative transactions for customers and for our own account. Foreign exchange products offered include forward exchange contracts, currency swaps and currency options. The derivative products offered include interest rate swaps, forward rate agreements, interest rate futures and cross-currency derivatives primarily for corporate customers. We also trade in interest rate swaps for our own account and enter into foreign exchange contracts to cover our exposure. We earn profit on customer transactions by way of margin as a mark-up over the interbank exchange rate. We earn profit on interbank transactions based on the spread between the purchase rate and the sale rate. These profits are booked as income from foreign exchange and derivative transactions.

The following table sets forth the notional principal amounts of our outstanding foreign and derivative contracts as of the dates indicated.

	As of March 31,		
	2018	2019	2020
		(in ₹ million)	
Liability on account of Forward Exchange Contracts	3,000,448.83	2,834,098.76	1,519,467.41
Liability on account of Outstanding Derivative Contracts			-
Single currency interest rate swaps	1,141,440.35	1,702,671.19	1,866,270.43
Other outstanding derivative contracts	783,747.91	868,291.17	548,274.93
Total foreign exchange derivative products	4,925,637.09	5,405,061.12	3,934,012.78

Documentary credit and guarantees

As a part of our commercial banking activities, we issue documentary credit and guarantees on behalf of our customers. Documentary credits such as letters of credit enhance the credit standing of our customers. Guarantees generally represent irrevocable assurances that we will make payments in the event of the customer failing to fulfill its financial or performance obligations.

The following table sets forth, as of the dates indicated, the values of documentary credits and outstanding guarantees.

	As of March 31,		
	2018	2019	2020
		(in ₹ million)	
Guarantees given on behalf of constituents	314,307.93	437,248.91	420,131.38
Acceptance Endorsement and other obligations	411,689.39	390,140.74	198,799.11
Totals	725,997.32	827,389.65	618,930.49

Contractual Obligations

The following table summarizes certain outstanding obligations (IPDI and Tier II Borrowings and operating leases) of the Bank due by period as of March 31, 2020.

	Total	Less than 1 year	1-3 years	3-5 years	after 5 years
			(in ₹ million)		
IPDI and Tier II Borrowings	189,303.88	14,314.00	31,957.88	2,800.00	140,232.00
Future rental payments in Operating Leases[1]	27,177.33	3,337.42	5,577.55	4,512.54	13,749.82
Total	216,481.21	17,651.42	37,535.43	7,312.54	153,981.82

Note:

(1) Represents the amount payable under outsourcing contracts for IT and branch rentals.

Qualitative Disclosure about Risks and Risk Management

Risk is associated with all of our businesses. Risks are broadly classified into three major categories namely, credit risk, operational risk and market risk. We have developed our risk management systems to ensure that there is an appropriate balance between risk and return and we have implemented comprehensive policies and procedures to identify, measure, monitor and control risk throughout our organization. Our risk management strategy is based on understanding the various types of risk, assessment of the risk and continuous monitoring of the risk. For further details about the types of risks we manage and our risk management policies and structures, see "*– Risk Management*" below.

Risk Management

The long-term financial security and success of a Bank is built on its robust risk management framework. Through proactive and improved risk management practices, risk management function continuously works towards achieving financial stability and enhancing stakeholder value. Our Board of Directors has the overall responsibility for Risk Management. Our Risk Management architecture is overseen by four Board-level Committees: (a) Risk Monitoring Committee (RMC), (b) Audit Committee, (c) Fraud, Wilful Defaulters and Non-Cooperative Borrowers Monitoring Committee and (d) Board Credit Committee (BCC). These Board-level Committees strive to put in place specific policies, frameworks and systems for effectively managing the various risks associated with our businesses.

The day-to-day functioning is managed by the Risk Management Department (the "**RMD**"). The Risk Management Department comprises two verticals- an underwriting vertical consisting of Credit Units headed by the Chief Credit Officer (CCO) and a risk controls and policy vertical consisting of various independent control units headed by the Chief Risk Officer (CRO). The CRO reports to the Risk Monitoring Committee while the CCO reports to the Managing Director and Chief Executive Officer.

The CRO is responsible for ensuring an effective implementation of an enterprise-wide risk management framework through various risk policies, processes, limits and controls that enable prompt risk identification, accurate risk measurement and effective risk mitigation. The CRO is also responsible for risk compliance and monitoring, as well as reviewing and presenting various risk reports, policies and dashboards to RMC and the Board. Risk Control Units such as Enterprise Risk, Credit Risk Policy Unit, Market Risk, Operational Risk, Information Security, Portfolio Analytics Unit and Retail, SME & Rural Policy and Portfolio Management Unit report to the CRO and are responsible for independent review, monitoring and reporting of all risk control parameters and taking appropriate corrective actions where necessary.

The CCO is responsible for our credit underwriting process involving but not limited to screenin and assessment of facilities and exposures on the potential borrowers, finalizing risk ratings and approving credit proposals. The CCO is responsible for monitoring the credit quality of our portfolio, thereby undertaking portfolio reviews and formulating/supervising remedial actions as required. The Credit Heads leading the respective Credit Units report to the CCO.

Credit risk

Our Credit Risk management is governed by comprehensive and well-defined Credit Policy, which is approved by the Board. It encompasses credit approval processes for all business segments, along with the guidelines for monitoring and mitigating the risks associated with them. All corporate credit proposals are approved either through a committee approach or through joint delegation, depending on rating and exposure thresholds outlined in the credit policy.

We currently have four committees for approving credits:

- Board Credit Committee (the "**BCC**");
- Management Credit Committee (the "**MCC**");
- Executive Credit committee (the "**ECC**"); and
- Retail and Business Banking Credit Committee (the "**RBBCC**")

The BCC is a Board level subcommittee, while the MCC, the ECC and the RBBCC comprise of senior management personnel. Joint delegation involves two or three approvers jointly approving the proposal, which primarily addresses large volume of smaller proposals. While exercising their approval powers, these designated committees exercise high level of due diligence, and ensure adherence to the Bank's credit policy and other regulatory guidelines. The appraisal process encompasses a detailed risk assessment and rating of all obligors, using our rating models. These models have been developed in conjunction with a reputed external consultant and cover all corporate business segments of the Bank. The ratings of customers are assessed based on their financial performance, industry characteristics, business positioning, project risks, operating performance and other non-financial parameters, such as quality of management and conduct of account.

Credit exposures to issuers are monitored under the prudential norms for exposure to a single borrower as per our Corporate Credit Risk Policy. Rating of counterparty banks, primary dealers and NBFCs and sanctioning of limits are done based upon suitable rating models that we have devised.

In addition, we have scorecards for specific schematic programs in respect of Retail and SME borrowers. This function works in close coordination with various business segments to periodically review the individual borrower relationships, identify early warning signals and assess the overall health of borrowers. We have taken proactive measures to ensure that delinquencies are maintained at a minimum level, through robust post sanction monitoring processes. There is a dedicated team, which works towards ensuring compliance to the sanctioned terms and conditions, through an internal tracking system. There is also an independent 'Portfolio Analytics Unit', which is responsible for monitoring the entire credit portfolio across all segments, including monitoring of early warning signals, identifying portfolio trends, and generating portfolio levels, covering various credit quality indicators across various business units of the Bank. Further, 'Credit Risk Policy Unit' is responsible for independently reviewing our credit policies and programs. The credit rating models and related policies are also managed and enhanced on a continual basis by this unit. The unit is also responsible for migration to Internal Ratings Based approach for credit risk under Basel II.

We have an independent Retail, SME & Rural Policy and Portfolio Management Unit which is responsible for formulation, amendment, review of Credit policy for the granular business segments within the risk appetite of the bank and drive strategy. This unit sets standards, thresholds and parameters for each portfolio to ensure growth of the portfolio in profitable segments. It also monitors the portfolio health through triggers, thresholds and quality standards at periodic frequency to ensure resilience of the portfolio and take appropriate action at an early stage. Portfolio monitoring is also done through benchmarking of the portfolio from Bureau trends to review the opportunity and stress areas as a pre-emptive measure. This unit manages portfolio distribution risk at product, segment, Industry and Geography level and has set up a robust early warning mechanism. It also supports new product launches and digital initiatives of the Bank through the life cycle of customers by implementing business rule engines and scorecards as well as enabling system changes to improve process efficiency through use of risk models and analytical tools.

Liquidity risk

Liquidity risk is the risk that we will be unable to meet our financial commitment to a customer or market in any location, in any currency at any given point in time. We face liquidity risk on account of the mismatch in the maturity of our assets and liabilities. Liquidity risk also includes both the risk of our inability to raise incremental funds or unexpected increases in the cost of those funds and the risk of being unable to liquidate an asset in a timely manner at a reasonable price. The goal of liquidity risk management is to be able, even under adverse conditions, to meet all of the funding needs of a business.

Managing liquidity risk involves estimating liquidity needs and providing for them in the most cost-effective way possible. We identify, quantify and actively monitor our liquidity positions and primary sources of liquidity risk at both the transactional and portfolio levels in a timely manner. We have a regular information flow and an active dialogue process between our funding and lending divisions to enable optimal liquidity management. We also seek to control existing and anticipated liquidity risk exposures.

The ALCO is a strategic decision-making body constituted by the Board, responsible for balance sheet planning from a risk return perspective, including the strategic management of interest rates and liquidity risks. The ALCO forms a liquidity view of the Bank with the help of economic analysis provided by our in-house economic research team. The ALCO studies the structural liquidity and interest rate sensitivity reports in detail and makes decisions on the cost and yield, keeping in mind business strategies and the business cycles.

Our Balance Sheet Management Group ("**BSMG**") formulates funding strategies to achieve an optimal funding mix, which is consistent with prudent liquidity management, diversity of sources, and servicing costs by keeping itself abreast of important market developments, trends and regulatory initiatives under the guidance from ALCO and the Board. BSMG plays a pivotal role in planning strategic liquidity for the long-term and managing tactical liquidity for day-to-day liquidity by actively accessing alternative funding from the certificate of deposit, call, collateralized borrowing and lending obligation, and term money markets.

Market risk

Market risk is the exposure to loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. In addition, we are exposed to other elements of market risk, such as liquidity or funding risk.

Our market risk management is governed by a comprehensive market risk policy, asset liability management policy, liquidity policy, investment policy, hedging policy, and stress testing policy to ensure that risks underwritten across business activities are within our Board approved risk appetite. These policies have been benchmarked with industry best practices and RBI regulations. We have an integrated and straight-through processing state-of-the-art treasury system for enabling better risk management.

We measure currency and interest rate risks through various metrics, VaR, EaR, duration of equity and sensitivity analysis using internal risk models. We also regularly conduct stress testing to monitor our vulnerability towards unfavorable shocks.

We monitor and control our risk, using various internal and regulatory risk limits for our trading book and banking book, which are set according to a number of criteria including economic scenarios, business strategy, management experience, peer analysis and our risk appetite. Our risk reporting mechanism comprises disclosures and reporting to and the Asset Liability Committee ("**ALCO**") which is the Management Committee chaired by the Managing Director and Chief Executive Officer.

Interest rate risk

Our core business is deposit-taking and lending. These activities expose us to interest rate risk. Since our balance sheet consists predominantly of Rupee assets and liabilities, movements in Indian interest rates constitute the main source of interest rate risk. The short and intermediate impact of changes in interest rates is on our net interest income. In the longer term, changes in interest rates impact cash flows on assets, liabilities and off balance sheet items, creating a risk to our net worth as a result of re-pricing "mismatches" and other interest rate sensitive positions.

We measure exposure to fluctuations in interest rates primarily by way of gap analysis, providing a static view of the maturity and re-pricing characteristics of balance sheet positions. We prepare an interest rate gap report by classifying all assets and liabilities into various time period categories according to contracted maturities or anticipated re-pricing dates. The difference in the amount of assets and liabilities maturing or being re-priced in any time period category would then give us an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. We measure interest rate risk from the perspective of earnings as well as economic value using Earnings at Risk and Duration of Equity.

We also follow VaR along with sensitivity risk measurement to measure the potential price risk of the trading book to changes in interest rates.

We use stress tests to provide our management with a view of the potential impact of large market movements and also to allow us to estimate the size of potential losses due to stress events that are unlikely but potentially significant.

We submit interest rate risk reports to the RBI on a monthly basis. Our interest rate risk is also monitored by the ALCO and Board on Monthly and Quarterly basis.

Exchange rate risk

Exchange rate risk is the risk that we may suffer losses as a result of adverse exchange rate movements during a period in which we have an open position in an individual foreign currency. To evaluate the extent of our exchange rate risk, a liquidity gap report and Currency Position for each currency is prepared. Gaps or mismatch of maturities can arise either because of proprietary trading positions or due to a customer transaction resulting in a long or short position for us.

We engage in trading activities in the foreign currency markets that expose us to exchange rate risks. In addition, our foreign exchange business exposes us to foreign currency interest rate risks that arise from maturity mismatches of foreign currency positions, and settlement risk, which is the risk of default by counterparties. We mitigate these foreign exchange risks by setting counterparty limits and subjecting the overall foreign currency positions to a Board approved Net overnight open position limit.

Equity price risk

We assume equity price risk with respect to equities held in our portfolio. Fluctuations in the market can affect the value of equity shares resulting in a negative effect on our positions. We have put in place a limit control structure for overall equity positions, exposure limits on capital markets and individual scrip limits. We also monitor equity risk through VaR The Bank has only a nominal portfolio of Equity Investments.

Counterparty risk

We have in place appropriate guidelines to monitor derivative counterparty risk covering counterparty exposures on banks, financial institutions and merchant counterparties arising due to impact on financial market contracts on account of movement in financial market variables. The Bank uses current exposure method for monitoring counterparty exposure against sanctioned limits. This counterparty exposure is monitored within overall Credit Risk Framework of the Bank.

The Bank also has put in place the Derivative Appropriateness Policy to evaluate suitability and appropriateness risk arising out of all customer derivatives contracts.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risk includes legal risk but excludes strategic and reputational risks. It is inherent in the Bank's day-to-day business activities.

The Bank has implemented a robust and comprehensive operational risk framework which is based on proactive and forward-looking practices to ensure superior customer service and minimal operational risk events and losses. The objective of the Bank's operational risk management framework is to:

- ensure compliance with RBI guidelines on operational risk management issued from time to time;
- implement best practices for identification, measurement, monitoring, reporting and mitigation of Operational Risks to promote a culture of risk-awareness, continuous control improvement and risk mitigation. This in turn would help to create a flexible low risk profile organization capable of rapid response to business opportunities;
- monitor the net operational risk losses on a continual basis;
- ensure that operational risk events and losses arising from inadequate processes, systems, people and external events are identified, reported, escalated and resolved promptly;
- implement methodology for computation and allocation of capital for operational risk
- managing risks of the entire lifecycle of a vendor through outsourcing risk review; and
- develop, implement and monitor business continuity plans across the Bank.

The Bank has constituted the Operational Risk Management Committee (ORMC), consisting of senior management of the bank for implementation and monitoring of the operational risk framework throughout the bank. the committee is also responsible for reviewing operational risk profiles of the business units, understand future changes and threats, and concur on areas of highest priority and related mitigation strategy.

The Bank has constituted a Product and Process Approval Committee (PPAC) for approval and risk evaluation of all new products and modifications to existing products for the Bank.

Further, the Bank has constituted a Business Continuity Management Committee (BCMC) responsible for development, implementation and ongoing monitoring and review of the effectiveness of the business continuity plans across the Bank.

The Bank has also constituted Outsourcing Management Committee (OMC) to review the effectiveness of the outsourcing policy and procedures and to ensure effective due diligence and monitoring of the Bank's outsourced activities on a continuous basis.

The Bank is implementing the OFSAA-ORM system for automation of key activities and shall encompass the reporting, monitoring and assessment aspects of Operational Risk. Further, the Bank has implemented an outsourcing tool for empanelment of vendors. Automation in also underway for the lifecycle of Business Continuity Planning.

Legal risk

Legal risk is the uncertainty of the enforceability of the obligations of our customers and counterparties, including the foreclosure on collateral. Changes in law and regulation could adversely affect us. Legal risk is higher in new areas of business where the law is often untested by the courts. We seek to minimize legal risk by using appropriate legal documentation, employing procedures designed to ensure that transactions are properly authorized and consulting internal and external legal advisors, where necessary.

SELECTED STATISTICAL INFORMATION

The following information should be read together with the Restated Standalone Financial Statements, including the notes thereto, and the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Prospectus. All amounts presented in this section have been prepared based on data used in compiling the Bank's Financial Statements and the Bank's unaudited and unreviewed management accounts not included in this Prospectus. Footnotes appear at the end of each related section of tables. For the purposes of a comparative analysis in the discussion below, previous years' figures have been reclassified wherever necessary.

Unless otherwise stated, references to "we", "us", "our" and similar terms are to YES Bank Limited on a consolidated basis and references to "the Bank" are to YES Bank Limited on a standalone basis.

Average Balance Sheet

The tables below present the average balances for interest-earning assets and interest-bearing liabilities together with the related interest revenue and expense amounts, resulting in the presentation of the average yield and cost for each period of the standalone Bank's statement. The average balance is the average of month end balances outstanding. The average yield on average interest-earning assets is the ratio of interest revenue to average interest-earning assets (except that investments include equity investments and interest revenue with respect to investments including dividends on such equity investments). The average cost on interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities. The average balances of advances include NPAs and are net of provisions for credit losses. The average balances of investments are net of "mark-to-market provision". We have not recalculated tax exempt income on a tax equivalent basis.

	Year ended March 31,								
	2018			2019			2020		
	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)
	(in ₹ million, except percentages)								
Interest-earning assets:									
Advances	1,573,479.18	154,782.36	9.84	2,328,225.64	229,226.41	9.85	2,135,658.13	212,611.88	9.96
Investments(3)	584,177.17	41,025.31	7.02	838,402.86	60,484.21	7.21	677,733.31	42,609.21	6.29
Others(1)(6)	123,009.57	6,886.55	5.58	132,993.21	6,536.85	4.92	144,127.66	5,444.95	3.78
Total interest-earning assets	2,280,665.92	202,674.22	8.89	3,299,621.71	296,247.47	8.98	2,957,519.10	260,666.04	8.81
Non-interest-earning assets:									
Fixed assets	7,478.41	—	—	8,148.63	—	—	8,957.11		
Other assets(2)(6)	184,113.58	—	—	255,404.18	—	—	274,565.42		
Total non-interest earning assets	191,591.99	—	—	263,552.81	—	—	283,522.53		
Total assets	2,472,257.91	—	—	3,563,174.52	—	—	3,241,041.63		
Interest-bearing liabilities:									
Deposits	1,602,212.50	93,834.14	5.86	2,148,145.15	136,871.14	6.37	1,817,638.45	120,052.79	6.60%
Borrowings(4)	515,695.57	31,469.48	6.10	978,780.09	61,286.02	6.26	1,040,344.22	72,560.94	6.97%
Total interest-bearing liabilities	2,117,908.08	125,303.62	5.92	3,126,925.24	198,157.16	6.34	2,857,982.67	192,613.73	6.74%
Non-interest-bearing liabilities:									
Capital and reserves	236,197.16	—	—	272,554.47	—	—	219,984.84		
Other liabilities(5)	118,152.67	—	—	163,694.81	—	—	163,074.12		
Total non-interest bearing liabilities	354,349.83	—	—	436,249.28	—	—	383,058.96		
Total liabilities	2,472,257.91	—	—	3,563,174.52	—	—	3,241,041.63		

Notes:

(1) Excludes balances with the RBI held primarily for CRR, which do not carry interest and includes application money.

(2) Includes balances with the RBI held primarily for CRR, which do not carry interest.

(3) Amortisation amount in respect of held to maturity investments has been netted off from Investments as per RBI guidelines.

(4) Includes subordinated debt in nature of Lower Tier II bonds and Upper Tier II bonds issued and Perpetual Tier I

(5) Excludes subordinated debt in nature of Lower Tier II bonds and Upper Tier II bonds and Perpetual Tier I Bonds.

(6) Includes Investment in RIDF and its interest income. As per RBI norms RIDF has been classified as 'Other Assets' in 'Financial Statements'.

Analysis of Changes in Interest Income and Interest Expense by Volume and Rate

The following tables set forth, for the periods indicated, the analysis of the changes in the Bank's interest income and interest expense between average volume and changes in average rates.

	Year ended March 31, 2019 vs. Year ended March 31, 2018			Year ended March 31, 2020 vs. Year ended March 31, 2019		
	Net Changes in Interest	Change in Average Volume(2)	Change in Average Rate	Net Changes in Interest	Change in Average Volume	Change in Average Rate
			(in ₹ million)			
Interest income:						
Advances	74,444.05	74,244.03	200.02	(16,614.53)	(18,959.31)	2,344.79
Investments	19,458.91	17,853.64	1,605.27	(17,875.00)	(11,591.05)	(6,283.95)
Others	(329.69)	557.30	(886.99)	(1,091.90)	547.27	(1,639.18)
Total interest-earning assets	93,573.27	92,654.97	918.30	(35,581.43)	(30,003.09)	(5,578.34)
Interest expense:						
Deposits	43,037	31,972.74	11,064.26	(16,818.35)	(21,058.55)	4,240.20
Borrowings	29,816.53	28,258.98	1,557.55	11,274.92	3,854.82	7,420.10
Total interest-bearing liabilities	72,853.53	60,231.72	12,621.81	(5,543.43)	(17,203.73)	11,660.30
Net interest income(1)	20,719.74	32,423.25	(11,703.51)	(30,038.00)	(12,799.35)	(17,238.65)

Notes:

(1) The changes in net interest income between periods have been reflected as attributed either to volume or rate changes. For the purposes of this table, changes which are due to both volume and rate have been allocated solely to changes in rate.

(2) The average balance is the average of month end balances outstanding.

Yields, Spreads and Margins

The following table sets forth, for the periods indicated, the yields, spreads and interest margins on the Bank's interest-earning assets.

	Year ended March 31,		
	2018	2019	2020
	(in ₹ million, except percentages)		
Average interest-earning assets	2,280,665.92	3,299,621.71	2,957,519.10
Average interest-bearing liabilities	2,117,908.08	3,126,925.24	2,857,982.67
Average total assets/liabilities	2,472,257.91	3,563,174.52	3,241,041.63
Average interest-earning assets as a percentage of average	92.25	92.60	91.25

	Year ended March 31,		
	2018	2019	2020
	(in ₹ million, except percentages)		
total assets (%)..			
Average interest-bearing liabilities as a percentage of average total assets (%)	85.67	87.76	88.18
Average interest-earning assets as a percentage of average total liabilities (%)	92.25	92.60	91.25
Average yield on interest earning assets[(1)]	8.89	8.98	8.81
Average cost of funds on interest-bearing liabilities[(2)]	5.92	6.34	6.74
Average spread[(3)]	2.97	2.64	2.07
Net interest margin[(4)] (%)	3.39	2.97	2.30

Notes:

(1) Yield on average interest earning assets is calculated as the ratio of interest income to average interest-earning assets.

(2) Cost of funds is the ratio of interest expense to average interest-bearing liabilities.

(3) Spread is the difference between yield on average interest-earning assets and cost of average interest-bearing liabilities/ cost of funds.

(4) "Net interest margin" is the ratio of interest income less interest expense to average interest-earning assets.

Return on Equity and Assets

The following table presents selected financial ratios for the periods indicated.

	Year ended March 31,		
	2018	2019	2020
	(in ₹ million, except percentages)		
Net profit	42,245.64	17,202.79	(164,180.31)
Average total assets	2,472,257.91	3,563,174.52	3,241,041.63
Average shareholders' equity[(1)]	236,197.16	272,554.47	219,984.84
Return on equity (net profit to average shareholders' equity) (%)	17.89	6.31	(74.63)
Return on assets (net profit to average total assets) (%)	1.71	0.48	(5.07)
Average shareholders' equity as a percentage of average total assets (%)[(2)]	9.55	7.65	6.79
Dividend payout ratio (%)[(3)]	14.65	26.85	—

Notes:

(1) "Average shareholders' equity" is the monthly average of share capital, reserves and surplus.

(2) "Average shareholders' equity" as a percentage of average total assets is calculated as average shareholders' equity

divided by average total assets.

(3) "Dividend payout ratio" is the dividends declared per share divided by basic earnings per share.

Investment Portfolio

The following tables set forth, as of the dates indicated, information related to the Bank's total net investment portfolio.

	As of March 31,											
	2018				2019				2020			
	Book value[(2)]	Held to maturity	Available for sale	Held for trading	Book value[(2)]	Held to maturity	Available for sale	Held for trading	Book value[(2)]	Held to maturity	Available for sale	Held for trading
Government securities	488,860.83	400,474.30	82,515.29	5,871.24	553,611.12	457,147.12	84,835.90	11,628.10	329,069.16	307,267.53	18,128.25	3,673.38
Shares	643.78	—	643.78	—	429.17	—	429.17	—	243.87	—	243.87	—
Debentures and bonds.................	145,045.61	—	142,195.92	2,849.69	154,985.44	—	151,687.72	3,297.72	74,399.35	—	74,399.35	(0.00)
Subsidiaries, joint ventures and other approved securities	1,055.00	1,055.00	—	—	2,240.00	2,240.00	—	—	1,986.70	1,986.70	—	—
Others[(1)].....................................	38,030.00	—	29,499.78	8,530.22	60,825.68	—	60,129.63	696.05	31,937.63	—	30,442.51	1,495.11
Investment in India.....................	673,635.22	401,529.30	254,854.77	17,251.15	772,091.41	459,387.12	297,082.42	15,621.87	437,636.70	309,254.23	123,213.97	5,168.49
Investment Outside India	10,354.16	—	10,354.16	—	123,128.92	—	123,128.92	—	1,511.56	—	1,511.56	—
Total Investments	683,989.38	401,529.30	265,208.93	17,251.15	895,220.33	459,387.12	420,211.34	15,621.87	439,148.26	309,254.23	124,725.53	5,168.49

Notes:

(1) "Others" includes investment in pass-through certificates, asset-backed securities, mortgage-backed securities, commercial papers, certificate of deposits, venture capital and asset reconstruction companies.

(2) Book value indicates carrying value of investments adjusted for mark to market provision / NPI Provision, if any.

Residual Maturity Profile

Available for Sale

The following tables set forth, as of the dates indicated, an analysis of the residual maturity profile of the Bank's investments in India in securities classified as available for sale securities and their weighted average market yields.

	As of March 31, 2020									
	Up to One Year		One to Five Years		Five to Ten Years		More than Ten Years		Grand Total	
	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)
	(in ₹ million, except percentages)									
Government securities	458.72	8.2%	6,258.33	7.5%	4,775.52	7.2%	6,635.68	6.1%	18,128.25	6.9%
Shares	—						243.87	0.0%	243.87	0.0%
Debentures and bonds	—		54,676.42	9.2	17,714.91	8.85	2,008.01	9.9%	74,399.35	9.1%
Subsidiaries and joint ventures	—	—								
Others	2,691.83	9.3%	—	—	—	—	29,262.24	3.2%	31,954.07	3.2%
Total	3,150.55	8.4%	60,934.75	9.1%	22,490.44	8.6%	38,149.80	3.8%	124,725.53	7.8%

Held to Maturity

The following tables set forth, as of the dates indicated, an analysis of the residual maturity profile of the Bank's investments in India in securities classified as held to maturity securities and their weighted average market yields

	As of March 31, 2020									
	Up to One Year		One to Five Years		Five to Ten Years		More than Ten Years		Grand Total	
	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)
	(in ₹ million, except percentages)									
Government securities ...	14,135.80	8.3%	155,583.08	8.1%	113,171.29	8.2%	24,377.36	6.2%	307,267.53	8.0%
Shares	—		—							
Debentures and bonds	—		—							
Subsidiaries and joint ventures	—	—	—	—	—	—	1,986.70	0.0%	1,986.70	0.0%
Others										
Total.............................	14,135.80	8.3%	155,583.08	8.1%	113,171.29	8.2%	26,364.06	5.6%	309,254.23	7.9%

Held for Trading

The following tables set forth, as of the dates indicated, an analysis of the residual maturity profile of the Bank's investments in India in securities classified as held for trading securities and their weighted average market yields.

	As of March 31, 2020									
	Up to One Year		One to Five Years		Five to Ten Years		More than Ten Years		Grand Total	
	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)
	(in ₹ million, except percentages)									
Government securities.	2,910.59	1.8%	273.05	8.4%	453.76	7.5%	35.98	8.8%	3,673.38	3.0%
Shares										
Debentures and bonds .					—	—	—	—		
Subsidiaries and joint ventures.......................										

	As of March 31, 2020									
	Up to One Year		One to Five Years		Five to Ten Years		More than Ten Years		Grand Total	
	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)
	(in ₹ million, except percentages)									
Others	1,495.11	2.1%			—	—	—	—	1,495.11	2.1%
Total	4,405.70	1.8%	273.05	8.4%	453.76	7.5%	35.98	8.8%	5,168.49	3.0%

Deposits

The following table sets forth, for the dates indicated, the Bank's outstanding deposits and the percentage composition of each category of deposits. The average cost (interest expense divided by the average monthly balance for the relevant period) of savings deposits was 5.95% in the year ended March 31, 2018, 5.94% in the year ended March 31, 2019 and 6.10% in the year ended March 31, 2020.

	As of March 31,					
	2018		2019		2020	
	Amount	% of total	Amount	% of total	Amount	% of total
	(in ₹ million, except percentages)					
Demand deposits	288,257.25	14.36	285,420.87	12.54	94,993.11	9.01
Savings bank deposits	443,504.51	22.09	467,112.35	20.52	185,635.25	17.62
Term deposits	1,275,619.72	63.55	1,523,568.60	66.94	773,011.07	73.37
Total	2,007,381.48	100.00	2,276,101.82	100.00	1,053,639.43	100.00

Borrowings

The following table sets forth, for the periods indicated, information related to the Bank's borrowings, which are comprised primarily of money-market borrowings, refinances and subordinated debt.

	Year ended March 31,		
	2018	2019	2020
	(in ₹ million, except percentages)		
As at March 31	745,935.81	1,084,241.09	1,137,905.03
Average balance during the period(1)	515,698.57	978,780.09	1,040,344.22
Interest expense during the period	31,469.49	61,286.02	72,560.94
Average interest rate during the period(2) (%)	6.10	6.26	6.97
Average interest rate at period end(3) (%)	8.49	8.86	6.84

Notes:

(1) Average is based on monthly balances.

(2) Represents the ratio of interest expense on borrowings to the average balances of borrowings.

(3) Represents the average rate of interest on borrowings outstanding as of March 31, 2018, 2019 and 2020.

Short-Term Borrowings

The following table sets forth, for the periods indicated, information related to the Bank's short-term borrowings, which are comprised primarily of money-market borrowings (call borrowing, repo and interbank borrowings, and CBLO borrowing).

	Year ended March 31,		
	2018	2019	2020
	(in ₹ million, except percentages)		
As at March 31	48,813.20	4,996.81	529,379.87
Average balance during the period(1)	18,710.04	11,327.70	145,578.60
Interest expense during the period	722.30	921.96	6,895.96
Average interest rate during the period(2) (%)	3.86	8.14	4.74
Average interest rate at period end(3) (%)	4.43	5.82	6.28

Notes:

(1) Average is based on monthly balances.

(2) Represents the ratio of interest expense on borrowings to the average balances of short-term borrowings.

(3) Represents the average rate of interest short-term borrowings outstanding as of March 31, 2018, 2019 and 2020.

Interest Coverage Ratio

The following table sets forth information with respect to the Bank's interest coverage ratio for the periods indicated. This ratio, however, is typically used to measure the debt-servicing ability of a corporate and is not relevant to a banking company.

	Year ended March 31,		
	2018	2019	2020
	(in ₹ million, except percentages)		
(i) Net profit	42,245.64	17,202.79	(164,180.31)
(ii) Depreciation on the Bank's property	2,323.57	3,015.42	3,356.32
(iii) Interest expended	125,303.63	198,157.16	192,613.73
Total (i) + (ii) + (iii)	169,872.83	218,375.37	31,789.73

Tier II Capital

The Bank has issued unsecured non-convertible subordinated debt securities. As of March 31, 2020, outstanding Tier II capital was ₹183,433.88 million of which ₹144,056.89 million (post grandfathering) qualifies as Tier II capital as per Basel III standards. The following table sets forth information with respect to subordinated debt outstanding as of March 31, 2020.

Particulars	Nature of Security	Tranche	Date of Issue	Coupon Rate	Tenure	Amount	Qualified as capital (Basel III)
				(%)		*(in ₹ million)*	
Lower Tier II	Debentures	Not Applicable	September 30,2009	9.65	10 years and 7 months	2,600.00	—
Lower Tier II	Debentures	Not Applicable	September 30,2010	9.30	9 years and 7 months	3,064.00	—
Lower Tier II	Debentures	Not Applicable	July 25, 2011	10.30	10 years	3,215.00	128.60
Lower Tier II	Debentures	Not Applicable	October 28, 2011	10.20	10 years	2,430.00	97.20
Lower Tier II	Debentures	Not Applicable	March 28, 2012	9.90	10 years	3,000.00	120.00
Lower Tier II Bonds	Debentures	Not Applicable	August 23, 2012	10.00	10 years	3,000.00	240.00
Lower Tier II Bonds	Debentures	Not Applicable	September 10,2012	10.00	10 years	3,000.00	240.00
Unsecured Redeemable Non-Convertible Lower Tier II Subordinated Bonds	Promissory Notes	Not Applicable	October 16, 2012	10.00	10 years	2,000.00	160.00
Unsecured Redeemable Non-Convertible Lower Tier II Subordinated Bonds	Debentures	Not Applicable	October 31, 2012	9.90	10 years	2,597.00	207.76
Upper Tier II....................	Debentures	Not Applicable	August 14, 2010	9.65	15 years	4,400.00	880.00
Upper Tier II....................	Debentures	Not Applicable	September 8, 2010	9.50	15 years	2,000.00	400.00
Upper Tier II[(1)]................	Debentures	Not Applicable	March 30, 2012	482 BPS over LIBOR	15 years	3,815.63	763.13
Unsecured, Redeemable, Non- Convertible, Upper Tier II Bonds	Promissory Note	Not Applicable	June 29, 2012	10.25	15 years	600.00	120.00
Upper Tier II Bonds.........	Promissory Notes	Not Applicable	September 28, 2012	10.15	15 years	2,000.00	400.00
Unsecured Redeemable Non- Convertible Upper Tier II Subordinated Bonds	Debentures	Not Applicable	November 10, 2012	10.25	15 years	2,750.00	550.00
Unsecured Redeemable Non-Convertible Upper Tier II Subordinated Bonds	Promissory Notes	Not Applicable	December 27, 2012	10.05	15 years	1,691.00	338.20
Non-convertible, Redeemable, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures	Debentures	Not Applicable	June 29, 2015	9.15	10 years	5,542.00	5,542.00

Particulars	Nature of Security	Tranche	Date of Issue	Coupon Rate	Tenure	Amount	Qualified as capital (Basel III)
				(%)		*(in ₹ million)*	
890% Non-convertible, Redeemable, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures	Debentures	Not Applicable	December 31, 2015	8.90	10 years	15,000.00	15,000.00
900% Non-convertible, Redeemable, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures	Debentures	Not Applicable	January 15, 2016	9.00	10 years	8,000.00	8,000.00
905% Non-convertible, Redeemable, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures	Debentures	Not Applicable	January20, 2016	9.05	10 years	5,000.00	5,000.00
900% Non-convertible, Redeemable, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures	Debentures	Not Applicable	March 31, 2016	9.00	10 years	5,450.00	5,450.00
Rated, Listed, Non Convertible, Redeemable, Unsecured, Basel III Compliant Tier II Bonds in the nature of debentures	Debentures	Not Applicable	September 29, 2017	7.80	10 years	25,000.00	25,000.00
Rated, Listed, Non Convertible, Redeemable, Unsecured, Basel III Compliant Tier II Bonds in the nature of debentures	Debentures	Not Applicable	October 03, 2017	7.80	9 Years 11 Months & 28 Days	15,000.00	15,000.00
Rated, Listed, Non Convertible, Redeemable, Unsecured, Basel III Compliant Tier II Bonds in the nature of debentures	Debentures	Not Applicable	February 22, 2018	8.73	10 Years	30,000.00	30,000.00
Rated Listed Non-convertible, Redeemable, Unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures...	Debentures	Not Applicable	September 17, 2018	9.12	10 Years	30,420.00	30,420.00

Note:

(1) Borrowings in foreign currency converted at the rate prevalent on the date of borrowing for the purpose of capital adequacy.

Perpetual Debt

The Bank has issued perpetual debt instruments qualifying as Tier I capital. As of March 31, 2020, we had ₹5,870.00 million aggregate amount of perpetual debt instruments outstanding of which ₹3,414.00 million (post-grandfathering) qualified as Tier I capital under Basel III.

The following table sets forth information with respect to perpetual debt instruments outstanding, as of March 31, 2020.

Particulars	Nature of Security	Tranche	Date of Issue	Coupon Rate	Tenure	Amount	Qualified as capital (Basel III)
				(%)		(in ₹ million)	
Tier I Perpetual................	Promissory Note	Not Applicable	March 5, 2010	10.25	Perpetual	820.00	164.00
Tier I Perpetual................	Promissory Notes	Not Applicable	August 21, 2010	9.90	Perpetual	2,250.00	450.00
Tier I Perpetual................	Debentures	Not Applicable	December 31, 2013	10.50	Perpetual	2,800.00	2,800.00

Note:

(1) On March 13, 2020, pursuant to the provisions of Section 45 of the Banking Regulation Act, 1949, the Reserve Bank of India (RBI) reconstituted the Bank. As a consequence of the reconstitution, the Bank was deemed to be non-viable. Further, the Bank incurred losses and breached RBI mandated Common Equity Ratio (CET 1) and other statutory ratios. This activated the triggers for write-down of Basel III additional tier 1 Bonds amounting to ₹84,150 million ("**AT 1 Bonds**") issued by the Bank. Accordingly, the Bank was constrained to write down AT Bonds on March 14, 2020. The Trustees, on behalf of the holders of AT 1 Bonds have filed a writ petition seeking to challenge the decision of the Bank to write down AT 1 bonds. The Bank, based on the legal opinion of its external independent legal counsel is of the view that the merits of the Bank's decision to write down the AT 1 bonds in accordance with the contractual terms for issuance of AT 1 Bonds. Interest on Additional Tier I Capital (Unsecured, Non-Convertible, Tier I Subordinated Perpetual Bonds in the nature of Promissory Notes issued under Basel II guidelines) amounting to ₹84.0 million was not paid by the Bank as the regulatory ratio of the Bank were lower than the minimum required. While an application for the payment of interest was submitted on March 5, 2020, RBI did not permit payment of interest. as Bank's capital was below the regulatory minimum on the date of coupon repayment, i.e., March 5, 2020.

Asset Liability Gap

The following table sets forth the Bank's asset liability gap position as of March 31, 2020.

	1-14 Days	15-30 Days	31 Days & up to 2 months	More than 2 months and up to 3 months	Over 3 Months and up to 6 months	Over 6 Months and up to 1 year	Over 1 Year and up to 3 years	Over 3 Year and up to 5 years	Over 5 years	Total
					(in ₹million, except percentages)					
Cash and bank balances	40,143.12	3,858.49	1,098.20	11,725.89	5,105.45	4,670.02	2,845.08	8,866.83	5,516.93	83,830.01
Advances	22,649.84	13,982.47	18,841.10	27,924.66	88,869.66	2,10,239.94	6,15,287.44	3,69,496.19	3,47,141.65	17,14,432.94
Investments	90,488.82	22,911.60	6,655.15	68,869.55	29,080.88	39,658.60	45,538.60	86,511.33	49,433.72	4,39,148.26
Fixed assets	—	—	—	—	—	—	—	—	10,090.88	10,090.88
Other assets	4,475.10	58,412.84	2,517.55	7,405.57	10,163.07	33,050.87	1,32,612.51	-13,611.30	95,740.92	3,30,767.14
Total assets	1,57,756.87	99,165.40	29,112.01	1,15,925.67	1,33,219.06	2,87,619.43	7,96,283.63	4,51,263.05	5,07,924.10	25,78,269.23
Capital and reserves	—	—	—	—	—	—	—	—	2,17,262.93	2,17,262.93
Deposit	63,751.25	58,617.11	60,540.55	53,676.95	2,18,193.16	2,01,121.17	1,10,073.90	2,80,739.70	6,925.64	10,53,639.44
Borrowings	40,674.28	10,514.33	5,526.27	5,22,566.50	30,823.89	69,532.14	1,03,259.49	1,62,949.70	1,92,058.43	11,37,905.03
Other liabilities	12,125.12	13,501.36	941.37	4,063.89	5,802.57	6,307.67	9,110.15	6,056.31	1,11,553.42	1,69,461.85
Total liabilities	1,16,550.65	82,632.80	67,008.19	5,80,307.34	2,54,819.62	2,76,960.98	2,22,443.54	4,49,745.71	5,27,800.42	25,78,269.25

Advances Portfolio

As of March 31, 2018, 2019 and 2020, the Bank's net advances portfolio was ₹2,035.34 billion, ₹2,414.99 billion and ₹1,714.43 billion, respectively. For a description of the Bank's corporate and retail loan products, see "Our Business" on page 177.

The following table sets forth, for the periods indicated, the Bank's advances loan portfolio classified by product groups.

Classification of Advances	Year ended March 31,		
	2018	2019	2020
	(in ₹ million, except percentages)		
Bills purchased and discounted	39,543.29	42,078.95	22,086.32
Cash credits, overdrafts and loans repayable on demand	349,496.61	412,651.47	342,942.03
Term loans	1,646,298.73	1,960,265.60	1,349,404.59
Total	2,035,338.63	2,414,996.02	1,714,432.94

Maturity and Interest Rate Sensitivity of Advances

The following table sets forth, for the periods indicated, the interest rate sensitivity of the Bank's advances as of March 31, 2020.

Interest rate classification of advances by maturity	Up to one year	Due in one year to five years	Due after five years	Total
	(in ₹ million)			
Fixed Rates	272,198.4	116477.41	22559.04	411234.86
Floating Rates	151397.61	843668.82	308131.66	1303198.08
Total	423,596.02	960146.23	330690.7	1714432.94

Concentration of Advances

The Bank's total loan portfolio consists of two broad segments: Corporate Banking (which focuses on large corporate clients) and Branch Banking. The annual distributions of the advances according to the above segments for the periods indicated are set forth below:

	As of March 31,					
	2018		2019		2020	
Classification of Advances	Advances	%	Advances	%	Advances	%
	(in ₹ million, except percentages)					
Corporate Banking	1,381,025.01	67.85	1,583,428.24	65.57	9,57,477.62	55.85
Branch Banking	654,313.62	32.15	831,567.78	34.43	7,56,955.32	44.15
Total Advances	2,035,338.63	100.00	2,414,996.02	100.00	1,714,432.94	100.00

The annual distributions of the advances according to the above segments for the periods indicated are set forth below:

	As of March 31,					
	2018		2019		2020	
Classification of Advances	**Advances**	**%**	**Advances**	**%**	**Advances**	**%**
	(in ₹ million, except percentages)					
Corporate Banking	1,381,025.01	67.85	1,583,428.24	65.57	957,477.62	55.85
Retail Banking	248,319.08	12.20	403,045.58	16.69	407,549.38	23.77
Small and Micro Enterprises	208,808.12	10.26	240,112.87	9.94	215,219.34	12.55
Medium Enterprise	197,186.42	9.69	188,409.34	7.80	134,186.61	7.83
Total Advances	2,035,338.63	100.00	2,414,996.02	100.00	1,714,432.94	100.00

The annual distributions of the advances, investments and non-fund based (on net outstanding basis) according to the industries as of March 31, 2020 are set forth below:

Classification of Advances	**As of March 31, 2020**
Industry	**%**
Agriculture and Allied	1.00
Engineering	3.85
Aviation (Airports)	0.45
Beverages	0.45
Cement	1.05
Chemical Products (Dyes, Paints, etc.)	1.31
Commercial & Residential Real Estate	6.74
Diversified	0.64
Drugs & Pharmaceuticals	1.19
Educational Services	2.03
Electricity	6.23
EPC	10.70
FMCG	0.53
Food Processing	2.03
Gas storage and pipeline	0.25
Gems and Jewellery	1.01
Glass & Glassware	0.07
Granular & Retail	13.91
Healthcare & Hospitals (Non Infra)	0.98
Housing Finance Co.	1.30
Iron & Steel	3.31
Logistics	1.09
Media & Entertainment	1.87
Mining & Quarrying	0.77
NBFC	2.04
Other Financial Services	3.37

Classification of Advances	As of March 31, 2020
Industry	**%**
Other Industries	8.48
Other Metal & Metal Products	1.87
Other Real Estate (LRD / Non CRE etc)	1.41
Paper & Paper Products	0.44
Petroleum, Coal and Other Fuels	1.17
Roadways	2.03
Rubber, Plastic & Products	0.68
Shipping	0.25
Social & Commercial Infrastructure	2.34
Technology/ITES	0.89
Telecommunication	3.16
Textiles	1.68
Travel, Tourism & Hospitality	3.41
Vehicles, Parts & Equipment	2.50
Waterways	1.51

Priority Sector Lending

As stipulated by the RBI, commercial banks in India are required to lend, through advances or investment, 40% of their adjusted net bank credit or credit equivalent amount of off-balance sheet exposures, whichever is higher, to specified sectors known as “priority sectors,” subject to certain exemptions permitted by RBI from time to time. Priority sector advances include advances to the agriculture sector, micro, small and medium enterprises, weaker sections, housing, education, exports, renewable energy and social infrastructure up to certain ceilings.

In addition, the Government of India through a notification dated February 4, 2016 has specified “Dealing in Priority Sector Lending Certificates (PSLCs) in accordance with the Guidelines issued by Reserve Bank of India” as a form of business under Section 6 (1)(o) of the Banking Regulation Act, 1949. The RBI through circular FIDD.CO.Plan.BC.23/ 04.09.01/2015-16 allows Bank to purchase PSLCs instruments to achieve priority sector lending targets and sub targets in the event of shortfall.

We are required to comply with the priority sector lending targets as at the end of each quarter in the fiscal year. The priority sector achievement of the Bank in a fiscal year is calculated as an average of the achievements in the four quarters. Any shortfall in the amount required to be lent to the priority sectors may be required to be deposited with the Rural Infrastructure Development Fund established by NABARD or funds with other financial institutions as specified by the RBI.

Non-Performing Assets

As of March 31, 2020, gross NPAs were 16.80% of gross advances and net NPAs were 5.03% of net advances. As of March 31, 2020, we had provisions of 73.77% of the Bank’s gross NPAs.

The following table sets forth, for the periods indicated, information about the Bank's NPA portfolio.

Sector	As at March 31, 2020		
	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector
	(in ₹ million, except percentages)		
Priority Sector			
Agriculture and Allied activities	79,647.00	4,673.54	5.87%
Advances to industries sector eligible as priority sector lending	105,102.24	1,773.45	1.69%
Services	263,133.75	4,407.02	1.67%
Personal Loans	0	0	—
Others	30,672.76	567.39	1.85%
Total	478,555.75	11,421.40	2.39%

The Bank's non-performing investments and provisions is as follows.

	As of March 31,		
	2018	2019	2020
Non-Performing Investments	*(in ₹ million, except percentages)*		
Gross	674.94	1,154.08	92,223.76
Provision	606.24	987.81	68,254.23

Recognition of Non-Performing Assets

As a commercial bank operating in India, we recognize NPAs in accordance with the RBI's guidelines. The guidelines require Indian banks to classify their NPAs into three categories, as described below, based on the period for which the asset has remained non-performing and the estimated realization of amounts due in relation to such asset. Further, the NPA classification is at the borrower level, rather than at the facility level and, accordingly, if one of the advances granted to a borrower becomes non-performing, such borrower is classified as non-performing and all advances due from it are so classified.

A non-performing asset is a loan or an advance where: (i) interest and/or installment of principal remains overdue for a period of more than 90 days in respect of a term loan; (ii) the account remains "out of order" in respect of an overdraft or cash credit; (iii) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted; (iv) the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops; (v) the installment of principal or interest thereon remains overdue for one crop season for long duration crops; (vi) the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on a securitization dated February 1, 2006; or (vii) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment. According to guidelines specified by the RBI in July 2013, an account should be classified as an NPA on the basis of the record of recovery and not merely on deficiencies which are temporary in nature, such as non-renewal of limits on the due date or non-submission of stock statements.

Further, the RBI requires the banks to classify an account as a non-performing asset only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

Substandard Assets

With effect from March 31, 2005, and in accordance with RBI guidelines, a substandard asset is an asset that has remained non-performing for a period less than or equal to 12 months.

Doubtful Assets

With effect from March 31, 2005, and in accordance with RBI guidelines, a doubtful asset is an asset that has remained in the substandard category for a period of 12 months. Further, these doubtful assets are to be classified into the following three categories, depending on the period for which such assets have been classified as doubtful:

- assets which have remained in the doubtful category for a period of up to one year;
- assets which have remained in the doubtful category for a period of more than one year but less than three years; and
- assets which have remained in the doubtful category for a period of more than three years.

Loss Assets

In accordance with the RBI guidelines, a loss asset is an asset where loss has been identified by the bank or internal or external auditors or the RBI at the time of inspection but the amount has not been written off wholly.

In cases of serious credit impairment, an asset is required to be immediately classified as doubtful or as a loss asset, as appropriate. Further, erosion in the value of the security provided may also be considered significant when the realizable value of the security is less than 50.00% of the value as assessed by the bank or as accepted by the RBI at the time of the last inspection of the security, as the case may be. In such a case, the assets secured by such impaired security may immediately be classified as doubtful, and provisioning should be made as applicable to doubtful assets. If the realizable value of the security, as assessed by the bank or approved valuation agents or by the RBI, is less than 10.00% of the outstanding amount in the borrower's accounts, the existence of security should be ignored and the asset should be immediately classified as a loss asset and it may be either written off or fully provided for by the bank.

The table below sets forth the Bank's NPA position as of the dates specified:

Non-Performing Assets	**As of March 31,**		
	2018	**2019**	**2020**
	(in ₹ million, except percentages)		
Substandard advances:			
Amount	11,100.42	58,611.71	187,142.11
As a percentage of total Gross NPAs (%)	42.26	74.36	56.92
Doubtful advances:			
Amount	15,167.60	20,213.88	70,642.82
As a percentage of total Gross NPAs (%)	57.74	25.64	21.49
Loss advances:			
Amount	0	0	70,990.95
As a percentage of total Gross NPAs (%)	0.00	0.00	21.59
Gross NPAs	26,268.02	78,825.60	328,775.88

Non-accrual policy

When an asset is classified as non-performing, the entire interest accrued and credited to the income account in past periods must be reversed if it is not realized. In accordance with RBI guidelines, interest realized on NPAs may be credited to a bank's income account provided that such credited interest is not out of fresh or additional credit facilities sanctioned to the borrower. The RBI has also stipulated that, in the absence of a clear agreement between us and the borrower for the purpose of appropriating recoveries in NPAs (i.e. towards principal or interest due), banks should adopt an accounting principle and exercise the right of appropriation of recoveries in a uniform and consistent manner.

In the case of NPAs where recoveries are effected, the Bank's policy is to appropriate the same against principal. If any of a borrower's advances are classified as an NPA, all advances to such borrower are classified as NPAs. For more information on the recognition and provisioning of NPAs, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies – Advances*" on page 434.

Policy for Making Provisions for Non-Performing Assets

The Bank's policy for making provisions for NPAs is in accordance with the RBI policy on provisioning as described below:

(a) Substandard assets – 15.00% of the amount outstanding without making any allowance for ECGC guarantee cover and securities available and in respect of "unsecured exposures" identified as "substandard", an additional provision of 10.00% of the amount outstanding (i.e. a total of 25.00% of the outstanding balance);

(b) Doubtful assets:

- Doubtful "up to one year" – 100.00% of the unsecured portion and 25.00% of the secured portion;
- Doubtful "one to three years" – 100.00% of the unsecured portion and 40.00% of the secured portion;
- Doubtful "more than three years" – 100.00% of the unsecured portion and 100.00% of the secured portion; and

(c) Loss assets – 100.00% to be provided for or written off.

The above-mentioned provisions are the minimum provisions that have to be provided for NPAs in accordance with the RBI policy. We provide for more than the stipulated rates if we feel that the credit deterioration of the client requires us to do so.

Floating Provisions

We do not carry any floating provision in the Bank's books.

Provisions on Standard Advances

In accordance with RBI guidelines, a general provision is made on all standard advances based on the category of advances identified in RBI guidelines.

Analysis of Non-Performing Advances by Industry Sector

The table below sets forth, for the periods indicated, the Bank's non-performing advances, by the borrower's industry or economic activity.

	As of March 31,					
	2018		2019		2020	
	Gross NPA	Provision	Gross NPA	Provision	Gross NPA	Provision
	(in ₹ million)					
Priority Sector						
Agriculture and Allied activities	1152.95	658.32	1,898.74	612.21	4,673.54	2,539.65
Advances to industries sector eligible as priority sector lending	559.16	347.13	524.80	407.49	1,773.45	1,382.08
Services	764.18	528.91	2,416.79	961.52	4,407.02	3,383.55
Personal Loans	8.07	5.66	11.57	7.74	—	—
Others	16.60	3.78	142.80	23.85	567.39	276.52
Sub-Total (A)	2,500.96	1,543.81	4,994.69	2,012.81	11,421.40	7,581.79
Non Priority Sector						
Agriculture and Allied activities	0.00	0.00	1,436.64	1,120.06	—	—
Industry	22,282.04	11,033.13	49,271.25	22,592.45	197,295.10	147,939.56
Services	1,060.75	382.09	21,678.71	7,585.60	117,654.36	85,464.82
Personal Loans	140.12	90.41	514.21	353.33	678.96	552.68
Others	284.15	91.12	930.10	312.86	1,726.06	999.23
Sub-Total (B)	23,767.06	11,596.75	73,830.90	31,964.29	317,354.48	234,956.30
Total	26,268.02	13,140.56	78,825.60	33,977.10	328,775.88	242,538.09

Analysis of Non-Performing Advances by Product

The table below sets forth, for the periods indicated, the Bank's gross non-performing advances, by the Bank's product segments.

	As at March 31,					
	2018		2019		2020	
Segmental GNPAs:	GNPA	Ratio %	GNPA	Ratio %	GNPA	Ratio %
	(in ₹ million)					
Retail	1,274.68	0.51	1,694.47	0.42	5,034.21	1.23
SME	1,085.69	0.52	2,963.91	1.23	3,628.50	1.66
Retail	824.56	0.42	1,292.28	0.68	2,799.95	2.06
Corporate	23,083.09	1.66	72,874.94	4.51	317,313.22	26.63
Total	**26,268.02**	**1.28**	**78,825.60**	**3.22**	**328,775.88**	**16.80**

Movement in the Bank's Provision for Non-Performing Advances

The table below sets forth movement in the provision for non-performing advances:

	As of March 31,		
	2018	2019	2020
		(in ₹ million)	
Opening balance at the beginning of the year	9,462.89	13,140.56	33,977.10
Addition during the period	14,141.74	29,701.27	287,428.19
Less reductions during the period on account of recovery, write-offs and upgrades	10,464.07	8,864.73	78,867.20
Provision at the close of the period	13,140.56	33,977.10	242,538.09

Restructuring of Debt

In respect of restructured or rescheduled accounts, we make provisions for the erosion in fair value of restructured advances in accordance with the general framework of the restructuring of advances as per the Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances dated July 1, 2013 issued by the RBI. The erosion in fair value of advances is computed as the difference between the fair values before and after restructuring.

The fair value before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the advance before restructuring and the principal, discounted at a rate equal to the Bank's BPLR or base rate, whichever is applicable to the borrower, as of the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of the restructuring.

The fair value after restructuring is computed as the present value of cash flows representing the interest at the rate charged on the advance on restructuring and the principal, discounted at a rate equal to the Bank's BPLR or base rate, whichever is applicable to the borrower, as of the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring.

The Bank had restructured standard advances of ₹369.24 million as of March 31, 2020.

Capital Adequacy

The following table sets out the Bank's capital adequacy ratios as of March 31, 2018, 2019 and 2020.

	As of March 31,		
	2018	2019	2020
Common Equity Tier I (CET I)	248,503.97	256,989.71	151,738.68
Additional Tier I capital	88,879.76	87,871.00	3,414.00
Tier I capital	337,383.73	344,860.71	155,152.68
Tier II capital	132,373.34	159,730.59	152,940.48
Total Capital	469,757.06	504,591.30	308,093.16
Credit Risk – RWA	2,232,542.97	2,678,862.12	2,036,091.58
Market Risk – RWA	181,613.67	191,932.33	137,164.65
Operational Risk – RWA	139,276.11	184,986.56	228,985.68
Total risk weighted assets	2,553,432.74	3,055,781.01	2,402,241.90
Total risk weighted assets to total assets (%)	118.73	80.24	93.17
CET I Ratio[(1)] (%)	9.7	8.4	6.3

	As of March 31,		
	2018	**2019**	**2020**
Tier I Capital Adequacy Ratio[1] (%)................................	13.2	11.3	6.5
Tier II Capital Adequacy Ratio[1] (%)	5.2	5.2	2.0
Total Capital Adequacy Ratio[1] (%).................................	18.4	16.5	8.5

Note:

(1) Tier I ratio of the Bank was below the regulatory minimum requirements and hence as per RBI guidelines Tier II ratio is restricted to 2%.

STOCK MARKET DATA FOR EQUITY SHARES OF OUR BANK

The Equity Shares are listed on BSE and NSE. The Equity Shares being issued pursuant to this Offer, have not been listed earlier and will be listed on the Stock Exchanges pursuant to this Offer. For further details, see "*Offer Information*" on page 511. We have received in-principle approvals for listing of the Equity Shares to be issued pursuant to this Offer from BSE and NSE by letters dated July 7, 2020 and July 6, 2020, respectively.

For the purpose of this section, unless otherwise specified:

- Year is a financial year;
- Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
- High, low and average prices are based on the daily closing prices of the Equity Shares for the year, or the month, as the case may be; and

In case of two days with the same high/low/closing price, the date with higher volume has been considered.

The high, low and average market prices of the Equity Shares recorded on BSE and NSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

BSE

Year	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average (₹)
2020	280.40	April 2, 2019	2,167,511.00	16.20	March 6, 2020	106,336,244.00	85.25
2019	393.85	August 20, 2018	798,509.00	160.45	November 29, 2018	25,791,984.00	273.50
2018	1,878.55	Septemebr 20, 2017	58,745.00	286.70	March 23, 2018	920,180.00	935.99

(Source: www.bseindia.com)

NSE

Year	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average (₹)
2020	280.30	April 2, 2019	24,708,930.00	16.15	March 6, 2020	1,264,917,719.00	85.24
2019	394.00	August 20, 2018	15,247,130.00	160.45	November 29, 2018	292,043,464.00	273.57
2018	1,880.10	September 20, 2017	1,209,930.00	286.65	March 23, 2018	21,617,995.00	936.21

(Source: www.nseindia.com)

Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Prospectus are as stated below:

BSE

Month Year	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average price for the month (₹)
June, 2020	30.6	8-Jun-20	4,606,225.00	25.6	30-Jun-20	2,196,566.00	28.11
May, 2020	28.70	May 15, 2020	1,181,503.00	26.35	May 6, 2020	1,791,752.00	27.42
April, 2020	29.75	April 21, 2020	4,842,853.00	23.95	April 1, 2020	7,028,050.00	26.37

Month Year	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average price for the month (₹)
March, 2020	60.80	March 18, 2020	39,837,934.00	16.20	March 6, 2020	106,336,244.00	33.67
February, 2020	38.90	February 14, 2020	8,610,794.00	34.55	February 28, 2020	6,886,960.00	36.52
January, 2020	47.30	January 9, 2020	6,835,915.00	38.35	January 21, 2020	3,898,750.00	42.25

Source: www.bseindia.com

NSE

Month Year	High (₹)	Date of High	Volume on date of High (No. of Equity Shares)	Low (₹)	Date of low	Volume on date of Low (No. of Equity Shares)	Average price for the month (₹)
June, 2020	30.6	8-Jun-20	49,257,680.00	25.6	30-Jun-20	16,166,021.00	28.09
May, 2020	28.70	May 15, 2020	23,447,394.00	26.30	May 6, 2020	22,891,215.00	27.41
April, 2020	29.65	April 21, 2020	76,224,557.00	23.95	April 1, 2020	90,387,201.00	26.36
March, 2020	60.45	March 18, 2020	364,152,383.00	16.15	March 6, 2020	1,264,917,719.00	33.63
February, 2020	38.90	February 14, 2020	187,898,337.00	34.60	February 28, 2020	141,720,001.00	36.52
January, 2020	47.35	January 2, 2020	122,242,838.00	38.35	January 21, 2020	67,215,936.00	42.25

Source: www.nseindia.com

There were total 123 trading days from January 1, 2020 to June 30, 2020. The average volume of equity shares traded on NSE from January 1, 2020 to June 30, 2020 are 11,42,01,198.20. The average volume of equity shares traded on BSE from January 1, 2020 to June 30, 2020 are 79,39,662.97.

Week end prices of Equity Shares along with the highest and lowest closing prices on the Stock Exchanges for the last four weeks preceding the date of filing of this Prospectus is as stated below:

BSE				
For the week ended on		Closing Price (₹)	High (₹)	Low (₹)
Week 4	July 11, 2020 to July 17, 2020	19.8	22.1	19.25
Week 3	July 4, 2020 to July 10, 2020	25.5	26.65	25.5
Week 2	June 27, 2020 to July 3, 2020	26.15	26.95	25.6
Week 1	June 19, 2020 to June 26, 2020	26.75	27.75	26.75

Source: www.bseindia.com
High and low prices are closing prices of that particular week.

NSE				
For the week ended on		Closing Price (₹)	High (₹)	Low (₹)
Week 4	July 11, 2020 to July 17, 2020	19.8	22.05	19.2
Week 3	July 4, 2020 to July 10, 2020	25.55	26.65	25.55
Week 2	June 27, 2020 to July 3, 2020	26.15	26.9	25.6
Week 1	June 19, 2020 to June 26, 2020	26.75	27.75	26.75

Source: www.nseindia.com
High and low prices are closing prices of that particular week.

The closing market price of the Equity Shares of our Bank one day prior to the date of this Prospectus i.e. July 17, 2020 was ₹ 19.8 on BSE and ₹ 19.8 on NSE. The Offer Price is ₹ 12 per Equity Share and has been arrived at by our Bank in consultation with the BRLMs.

Our Board has, pursuant to its resolutions dated January 10, 2020 and March 26, 2020, authorised the Offer for an amount of up to ₹ 1,00,000 million and up to ₹ 50,000 million, respectively, aggregating to up to ₹ 1,50,000 million. The closing price of the Equity Shares on January, 13, 2020 (*i.e.* the next trading day after January 10, 2020) on NSE and BSE was ₹ 42.10 and ₹ 42.10, respectively. The closing price of the Equity Shares on March 27, 2020 (*i.e.* the next trading day after March 26, 2020) on NSE and BSE was ₹ 26.35 and ₹ 26.40, respectively.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding (1) criminal proceedings involving our Bank, Directors, and Subsidiaries; (2) actions taken by statutory or regulatory authorities involving our Bank, Directors, and Subsidiaries; (3) claims involving our Bank, Directors, and Subsidiaries for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved); (4) proceedings involving our Bank, Directors, and Subsidiaries (other than proceedings covered under (1) to (3) above) which has been determined to be material pursuant to the Materiality Policy (as disclosed herein below); and (5) litigation involving the Group Company which has a material impact on our Bank.

In terms of the Materiality Policy dated July 3, 2020, other than outstanding criminal proceedings, statutory or regulatory actions including outstanding actions and claims for any direct or indirect tax liabilities disclosed in point (1) to (3) above, all other pending litigations involving our Bank, our Directors, or Subsidiaries:

A. where the aggregate monetary claim made by, or against, our Bank, our Directors, or our Subsidiaries, as the case may be, in any such pending litigation is in excess of 0.40% of our Bank's total income on a consolidated basis for the most recently completed fiscal year as per the Restated Financial Information, i.e. ₹ 1,183.72 million; and

B. where the monetary liability is not quantifiable, or which does not fulfil the threshold specified in (A) above, but the outcome of which could, nonetheless, have a material adverse effect on the position, business, operations, prospects or reputation of our Bank.

shall be considered "material" and accordingly have been disclosed in this Prospectus.

For the purposes of the above, pre-litigation notices received / issued by our Bank, our Directors, or our Subsidiaries from / to third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) have not and shall not, unless otherwise decided by the Board, be considered as litigation until such time that any of our Bank, Directors, or our Subsidiaries, as the case may be, is impleaded as a defendant in litigation before any judicial/arbitral forum or governmental authority.

Further, creditors of our Bank to whom dues owed by our Bank exceed 5% i.e., ₹ 142.78 million of our Bank's total dues owed to creditors as of the end of the most recent period covered in the Restated Financial Information, would be considered as material creditors.

Unless stated to the contrary, the information provided below is as of the date of this Prospectus.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

A. Litigation involving our Bank

I. Litigation initiated against our Bank

(a) Criminal proceedings

Except as disclosed below, as on the date of this Prospectus, there are no other criminal proceedings pending against our Bank:

1. Balraj Bhadana has filed two revision petitions dated December 7, 2018 in the court of Sessions Judge, Saket, South East, New Delhi, to set aside the impugned order dated September 1, 2018 passed by Metropolitan Magistrate, Saket, South East, New Delhi under section 138, read with section 141 and section 142, of the Negotiable Instruments Act, 1881. Our Bank was made a party to the original complaint, in its capacity as the drawee bank, alleging that our Bank had colluded with the accused in dishonouring the cheque. The Metropolitan Magistrate declined to issue a summon against our Bank, on the ground that our Bank being a drawee bank is not liable to be prosecuted under section 138 of the Negotiable Instruments Act, 1881. The matter is currently pending.

2. Mr. R. K. Mhatre, Inspector of Security Guard Board, ("**Complainant**") filed a criminal prosecution

dated January 3, 2008 before the Additional Chief Metropolitan Magistrate, Mumbai against our Bank and others for non registration and for not obtaining an exemption under the provisions of the Maharashtra Private Security Guards (Regulation of Employment & Welfare) Act, 1981. The Additional Chief Metropolitan Magistrate, by an order dated January 3, 2008 issued a process against our Bank and others, pursuant to which our Bank has filed a petition before the Bombay High Court, amongst other things, to set aside the above criminal proceedings and the order passed by the Additional Chief Metropolitan Magistrate. The matter is currently pending.

(b) Actions taken by statutory or regulatory authorities:

As on the date of this Prospectus, except as disclosed below there are no actions taken by statutory or regulatory authorities pending against our Bank:

1. A show cause notice dated July 22, 2019 ("**SCN**") was issued to our Bank by the Financial Intelligence Unit – India ("**FIU-IND**"), Department of Revenue, Ministry of Finance under section 13 of the Prevention of Money Laundering Act, 2002 alleging failure (i) to furnish complete information in the cross border wire transfers filed by the Bank in respect of 177,150 reportable transactions in non-compliance with sections 12(1)(a) & (b) of the Prevention of Money Laundering Act, 2002 read with rules 3(1)(E), 7(2) and 7(4) of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, and (ii) to evolve an effective internal mechanism to detect and report to director, FIU-IND complete information in respect of all cross border wire transfers of the value of more than ₹0.5 million or equivalent in foreign currency where either the origin or destination of fund is in India in non-compliance with sections 12(1)(a) and (b) of the Prevention of Money Laundering Act, 2002 read with rules 5(2) and 7(3) of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. Our Bank has filed a response dated August 22, 2019 stating that it has diligently carried out the cross border wire transfer reporting ("**CBWTR's**") to FIU-IND basis the frequently asked questions and guidance provided by FIU-IND in the reporting format guide available on FIU-IND website as well as e-mail clarifications provided by FIU-IND from time to time. Additionally, our Bank has clarified that the information mentioned in the SCN was non-mandatory in nature and since there was no error in processing and validating the files, the Bank has not furnished the said information. However, the Bank has taken note of the contents of the SCN and has taken necessary steps to avoid any such recurrence. Further, FIU-IND by way of its letter dated December 4, 2019, instructed our Bank to re-examine the correctness and completeness of CBWTRs filed with FIU-IND, in line with the instructions regarding filing of CBWTR's dated May 23, 2019 and guidance regarding filing of CBWTR's dated November 20, 2019 issued by FIU-IND, within a timeline of 90 calendar days from the date of the letter. The FIU IND by way of its letter dated February 17, 2020 advised our Bank for a personal hearing on the matter. Subsequently, our Bank had a personal hearing with FIU-IND on March 2, 2020 and also requested further time of 90 days to resubmit the data sought under the notice dated December 4, 2019. The matter is currently pending.

(c) Tax proceedings (consolidated):

Except as disclosed below, as on the date of this Prospectus, there are no other tax proceedings pending against our Bank:

Sr. No.	**Type of tax**	**No. of cases outstanding**	**Amount involved* (*in ₹ million*)**
1.	Direct tax	8	44,774.30
2.	Indirect tax	7	3,700.65

**To the extent ascertainable*

(d) Other pending proceedings:

Except as disclosed below, as on the date of this Prospectus, there are no other proceedings pending against our Bank, which have been considered material by our Bank in accordance with the Materiality Policy:

1. Zoom Developers Private Limited ("**Zoom**") and others have filed a suit before the Bombay High Court against 28 banks including our Bank (collectively, the "**Defendants**") seeking, amongst other things, an injunction restraining the Defendants from in any manner acting upon or in pursuance of,

and/or acting upon or executing or claiming any right or benefit under, the counter guarantees issued by the Defendants. Zoom has claimed, from all the Defendants, jointly and severally (a) an amount of ₹ 53,772.10 million as damages, together with further interest thereon at the rate of 18% per annum, (b) an amount of ₹ 19,470.00 million as loss of estimated future profits, together with further interest thereon at the rate of 18% per annum, and (c) an amount of ₹ 35,965.50 million as loss of goodwill together with further interest thereon at the rate of 18% per annum. Our Bank has filed its written statement before the Bombay High Court. Certain creditors of Zoom have initiated winding up proceedings and the provisional liquidator has been appointed by the Company Court. The Bombay High Court has dismissed the notice of motion seeking certain interim relief. The matter is currently pending.

2. State Bank of India ("**SBI**"), along with a consortium of banks, filed a special leave petition ("**SLP**") before the Supreme Court of India against the order of the High Court of Karnataka dated December 20, 2013, seeking that the United Spirits Limited-Diageo deal be deemed void. In the SLP, it is, amongst other things, prayed that the amount of approximately ₹ 1,850.40 million disbursed in lieu of 1,285,000 pledged shares in favour of our Bank, pursuant to the order dated May 24, 2013 of the Single Judge, be deposited with the Karnataka High Court during the pendency of an enquiry regarding validity of the pledges. Our Bank filed a counter affidavit dated September 8, 2014, seeking dismissal of the SLP. The matter is currently pending.

3. The Resolution Professional for Reliance Infratel Limited ("**Reliance Infratel**") has filed an application before NCLT, Mumbai seeking reversal or refund of amounts received by our Bank from Reliance Infratel pursuant to repayment of certain loans availed by them. The Resolution Professional has alleged that an amount of ₹ 3,730.50 million paid to our Bank in lieu of repayment of loans availed by Reliance Infratel, prior to commencement of its corporate insolvency resolution process, is classified as preferential transactions under Section 43 of Insolvency and Bankruptcy Code, 2016. It is further alleged that the aforesaid repayments are not in the ordinary course of business and was made on priority over other lenders of Reliance Infratel, without obtaining relevant approvals, which has put our Bank in a beneficial position as compared to other financial creditors of Reliance Infratel. The matter is currently pending.

4. The Resolution Professional for Reliance Communications Limited ("**RCL**") has filed an application before NCLT, Mumbai seeking reversal or refund of amounts received by our Bank in multiple transactions from RCL pursuant to repayment of certain loans availed by them. The Resolution Professional has alleged that an amount of ₹ 6,850.00 million paid to our Bank in lieu of repayment of loans availed by RCL, prior to commencement of its corporate insolvency resolution process, is classified as preferential transactions under Section 43 of Insolvency and Bankruptcy Code, 2016. It is further alleged that the aforesaid repayments are not in the ordinary course of business and was made on priority over other lenders of RCL, without obtaining relevant approvals, which has put our Bank in a beneficial position as compared to other financial creditors of RCL. The matter is currently pending.

5. On March 6, 2020, the RBI proposed a Draft YES Bank Reconstruction Scheme, 2020 in terms of Section 45 of the Banking Regulation Act, 1949, ("**Draft Scheme**"). The Draft Scheme was placed on RBI's website for suggestions and objections, if any, from the members of public, including Bank's shareholders, depositors and creditors by March 9, 2020, for consideration and amongst other things envisaged that the instruments qualifying as Additional Tier 1 capital, issued by our Bank under Basel III framework, shall stand written down permanently, in full.

Subsequently, on March 9, 2020, a writ petition was filed by Axis Trustee Services Limited ("**ATSL**") bearing (L) no, 782/2020 ("**ATSL Writ Petition 1**") against Union of India, RBI and our Bank in the Bombay High Court. This Trustee Writ Petition 1 is filed for seeking, amongst other things a) a writ of mandamus or any other appropriate writ, order or direction in the nature of mandamus, directing RBI, in accordance with its statutory obligation, to give an effective opportunity to ATSL to make a separate, purposeful and comprehensive representation in writing setting forth all of its reservations, objections and suggestions to the Draft Scheme and also an opportunity of hearing and audience on the representation; b) to issue a writ of mandamus or writ in the nature of mandamus or any other appropriate writ, order or direction to refrain the Union of Indian and RBI from implementing the Draft Scheme, until RBI has effectively given hearing and audience to ATSL and considered the representation of ATSL; and c) to restrain RBI from implementing the Draft Scheme to the extent that the Draft Scheme purports to write off, permanently, in full, the Additional Tier 1 capital. The matter is currently pending.

On March 11, 2020, Larsen and Toubro Limited; & Larsen and Toubro Officers and Supervisory Staff Provident Fund (collectively "**L&T**") filed a writ petition bearing (L) no. 793/2020, against Union of India, RBI and our Bank in the Bombay High Court ("**L&T Writ Petition**"). This L&T Writ Petition is filed for seeking, amongst other things a) a writ of certiorari or a writ in the nature of certiorari or any other appropriate writ, for quashing and setting aside the writing off of the Additional Tier 1 capital in the Draft Scheme; b) to provide an effective, adequate and reasonable opportunity of hearing to L&T to submit a more comprehensive and purposeful representation on the Draft Scheme; c) to grant an ex parte order against Union of India and RBI to refrain from implementing the Draft Scheme, until RBI has effectively given a personal hearing and audience to L&T and considered the representation of L&T and communicated its decision to L&T; and (d) to pass an ex parte order restraining RBI from implementing the Draft Scheme, to the extent that said Scheme purports to write off ,permanently, in full, the Additional Tier 1 capital. The matter is currently pending.

On March 14, 2020, our Bank wrote off, in entirety, the Additional Tier 1 Bonds issued by our Bank under ISIN no. INE528G08352 aggregating to ₹ 30,000 million and INE528G08394 aggregating to ₹ 54,150 million ("**AT-1 Bonds**"), pursuant to which, on March 16, 2020, ATSL has filed a fresh Writ Petition ((L) No. 850/2020), in its capacity as a AT-1 Bond Trustee, against our Bank, Prashant Kumar, Managing Director and Chief Executive Officer of our Bank (erstwhile Administrator of our Bank), and others, in the Bombay High Court as per instructions and on behalf of and for the benefit of AT-1 Bondholders/beneficial owners for the AT-1 Bonds written off ("**ATSL Writ Petition 2**"). A similar writ petition has also been filed by Indiabulls Housing Finance Limited ("**IHFL**"), bearing (L) No. 849/2020 in its capacity as bondholder of the AT-1 Bonds in the Bombay High Court ("**IHFL Writ Petition**"). The ATSL Writ Petition 2 and IHFL Writ Petition are filed for seeking, amongst other things a) a writ of certiorari or writ in the nature of certiorari or any other such appropriate writ, order or direction for calling of the records and proceedings of the decision of write off the AT-1 Bonds and after for examination of the same quashing/setting aside the decision of write off of the AT-1 Bonds; b) writ of mandamus or writ in the nature of mandamus or any other such appropriate writ, order or direction to reverse the effect of any accounting entries, notings, write off, cancellations or any such steps that have been undertaken pursuant to such decision; and c) ad-interim reliefs. On March 18, 2020, the Bombay High Court passed an order in relation to the above ATSL Writ Petition 2 and IHFL Writ Petition that all steps taken by the respondents will be subject to the further orders passed by the Bombay High Court, shall continue. The matter is currently pending.

Similarly, on June 1, 2020, 63 Moons Technologies Limited, in its capacity as a bondholder of AT-1 Bonds bearing ISIN no. INE528G08394 filed a writ petition bearing no. 8068 of 2020 against our Bank and others before the High Court of Madras for seeking, amongst other things a writ of certiorified mandamus or any such writ, order or direction as may be necessary to call for the records and proceedings of the decision of write off the AT-1 Bonds and for quashing the decision of write off of the AT-1 Bonds and to reverse the effect of any accounting entries, notings, write off, cancellations or any other steps that have been undertaken pursuant to such decision. On June 26, 2020, our Bank filed a counter affidavit before the High Court of Madras. The matter is currently pending.

On March 21, 2020, a writ petition (WPL/927/2020) was filed by Arun Nanda against our Bank and others before the High Court of Bombay. However, as on the date of this Prospectus, we are yet to be served any notice or summons, in relation to this matter.

II. Litigation initiated by our Bank

(a) Criminal proceedings:

1. 104 criminal cases have been filed by our Bank against various parties in relation to alleged violations arising in the ordinary course of our business operations under, among others, section 138 of the Negotiable Instruments Act, 1881 and under the Payment and Settlement Systems Act, 2007. The total amount involved in these matters, to the extent ascertainable, is ₹ 46,929.77 million. These matters are currently pending at various stages of adjudication.

2. Our Bank filed a complaint dated May 27, 2016 against Yash Metal Impex Private Limited ("**YIPL**") with the Lamington Road, Police Station, Mumbai under sections 120B, 379, 403, 406, 411, 414, 418, 420 and 421 of the Indian Penal Code, 1860 and various sections of the Information Technology Act, 2000 for the fraud and cheating perpetuated against our Bank ("**Complaint**"). Further, our Bank also filed an application dated August 16, 2016 under section 156(3) of the CrPC, before the Additional Chief Metropolitan Magistrate in relation to dishonest misappropriation of funds by YIPL, praying that the police be directed to (i) register an FIR in relation to the Complaint, (ii) cause an investigation in relation to the alleged crime, and (iii) submit an investigation report for taking cognizance as per section 190 of the CrPC. The Complaint was allowed by the Metropolitan Magistrate vide order dated November 30, 2016 and directed the police to register the FIR and investigate under section 156(3) of the CrPC and submit an investigation report at the earliest. The FIR was registered on December 14, 2016 and post registration of the FIR, the police completed the investigation and filed a C-Summary Report before the Magistrate. The C-summary report concluded that the subject matter of the dispute was merely a security of the Bank and it is for the Bank to settle the matter, as it is of a civil nature, and not the police. On December 12, 2017, our Bank filed the protest petition challenging and protesting against the C-Summary Report filed by the police. The matter is currently pending.

3. Our Bank issued various credit facilities aggregating to ₹ 150.00 million to Prime Pulses Limited, relying on the assurances and documents provided by Anand Kothari, director of Prime Pulses Limited and others ("**Accused**"), however these documents were subsequently found to be forged and fabricated. Our Bank filed a written complaint dated May 10, 2011 before the Officer in Charge, Shakespeare Sarani Police Station, which was registered as Shakespeare Sarani P.S. Case No. 138 dated May 18, 2011 ("**FIR**"), to report commission of offences punishable under Sections 420, 465, 468 and 120B of the Indian Penal Code, 1860 by the Accused and its investigation thereof. On completion of this investigation, a final report dated January 30, 2012 was filed before the Chief Metropolitan Magistrate at Calcutta ("**Trial Court**") which declared the case to be 'civil in nature', following which, our Bank filed a protest petition before the Trial Court which passed an order dated May 28, 2013, directing re-investigation. As a result of delay in completion of the re-investigation, the Trial Court also passed an order dated January 27, 2014 directing the Deputy Commissioner, South to supervise the investigation and, along with the Officer in Charge of Shakespeare Sarani Police Station, to file a report in final form on April 27, 2014. The Accused have filed a petition before the Calcutta High Court dated March 30, 2015 seeking quashing of the aforesaid proceedings and a stay on orders on further proceedings in the aforesaid protest petition. Our Bank has filed its reply to the above petition on January 28, 2016. The matter is currently pending.

(b) **Other pending proceedings:**

Except as disclosed below, as on the date of this Prospectus, there are no other proceedings pending which have been initiated by our Bank and have been considered material by our Bank in accordance with the Materiality Policy:

1. Our Bank has filed an original application before the Debts Recovery Tribunal- II, New Delhi against Malvinder Mohan Singh ("**Defendant**"). The Defendant as the Director of Oscar Investments Limited ("**Borrower**") had approached our Bank for a term loan of ₹ 5,650 million. Subsequently, the Borrower and our Bank entered in to a Facility Agreement, which was secured by an unconditional and an irrevocable personal guarantee by the Defendant. The Borrower defaulted in repayment of the sanctioned loan amount. Our Bank has sought (a) recovery of ₹ 5,696.44 million with interest, (b) an order restraining the Defendant from alienating or creating any third party rights on his assets and (c) an order for attachment or sale of his personal assets. The Tribunal, by way of its order dated February 12, 2018, has restrained the Defendant from disposal of his identified personal assets and has directed the Defendant to disclose all his assets on affidavit. The matter is currently pending.

2. Our Bank has filed an original application before the Debts Recovery Tribunal, Bangalore against NEL Holdings Limited (formerly known as Nitesh Estates Limited) ("**Defendant**") and others to recover the outstanding dues owed by the Defendant. The Defendant had approached our Bank for availing various term loan facilities aggregating to ₹ 3,600.00 million, for the purpose of financing the construction and development of their projects, wherein ₹ 2,348.37 million is the total amount due as on July 24, 2019, including interest. The Defendant and our Bank entered into three separate loan agreements dated April 4, 2017 for an amount of ₹ 1,550.00 million and ₹ 350.00 million,

respectively, and August 3, 2017 for an amount of ₹ 1,700.00 million, which are secured by mortgage deeds, deed of hypothecation and deed of personal guarantee, amongst other securities, executed by the Defendant. The Defendant defaulted in repayment of the sanctioned loan amounts and their account was declared as a non-performing asset on May 2, 2019. Our Bank sent a loan recall notice to the Defendant dated June 18, 2019, demanding repayment of the outstanding amount of ₹ 2,261.09 million, however the Defendant failed to repay. Our Bank has sought, *inter alia*, (a) recovery of ₹ 2,348.37 million along with applicable interest, including enforcement of securities in the alternative; (b) an order for payment of costs of the proceedings and interest incurred by our Bank; and (c) interim relief to restrain the Defendant from alienating or creating any third party rights on its secured properties until final disposal of this matter. Our Bank has also filed an additional interim application on June 22, 2020 seeking attachment of assets before judgment. The matter is currently pending.

3. Our Bank has filed an original application before the Debts Recovery Tribunal, Bangalore against NHDPL Properties Private Limited (formerly known as Nitesh Housing Developers Private Limited) ("**Defendant**") and others to recover the outstanding dues owed by the Defendant. The Defendant had approached our Bank for availing credit facility of ₹ 3,150.00 million, for the purpose of refinancing the construction finance loan extended to them by Housing Development Finance Corporation, wherein ₹ 3,885.78 million is the total amount due as on July 24, 2019, including interest. Our Bank issued a credit facility letter to the Defendant and subsequently entered into a loan agreement dated October 3, 2015, respectively, for the aforesaid loan amount, which is secured by mortgage deeds, deed of hypothecation, deed of corporate guarantee and deed of personal guarantee, amongst other securities, executed by the Defendant. The Defendant began defaulting in making timely payments towards repayment, pursuant to which our Bank had to issue a letter dated September 12, 2018 and a loan recall notice dated April 12, 2019, demanding repayment of the outstanding amount of ₹ 3,379.29 million, however the Defendant failed to repay. Our Bank has sought, *inter alia*, (a) recovery of ₹ 3,379.29 million along with penal interest of 16% per annum from the date of default until the date of realization in full, including enforcement of securities in the alternative; (b) an order for payment of costs of the proceedings and interest incurred by our Bank; and (c) interim relief to restrain the Defendant from alienating or creating any third party rights on its secured properties until final disposal of this matter. Our Bank has also filed an additional interim application on June 22, 2020 seeking attachment of assets before judgment. The matter is currently pending.

4. Our Bank has filed an original application before the Debts Recovery Tribunal, Bangalore against NUDPL Enterprises Private Limited (formerly known as Nitesh Urban Development Private Limited) ("**Defendant**") and others to recover the outstanding dues owed by the Defendant. The Defendant had approached our Bank for availing term loan facility of ₹ 1,600.00 million, which was enhanced to ₹ 1,850.00 million vide sanction letter dated September 30, 2016, for the purpose of refinancing the credit facilities extended to them by Reliance Capital Asset Management Company Limited, wherein ₹ 2,158.05 million is the total amount due as on July 24, 2019, along with applicable interest. The Defendant and our Bank entered into a loan agreement dated February 29, 2016 and a supplemental loan agreement dated December 23, 2016 for the enhanced loan amount, which are secured by mortgage deeds, deed of hypothecation, deed of corporate guarantee and deed of personal guarantee, amongst other securities, executed by the Defendant. The Defendant began defaulting in making timely payments towards repayment, pursuant to which our Bank had to issue a letter dated August 14, 2018 and a loan recall notice dated June 10, 2019, demanding repayment of the outstanding amount of ₹ 1,949.01 million along with interest incurred, however the Defendant failed to repay. Our Bank has sought, *inter alia*, (a) recovery of ₹ 2,158.05 million along with interest of 16.75% per annum until the date of realization in full, including enforcement of securities in the alternative; (b) an order for payment of costs of the proceedings and interest incurred by our Bank; and (c) interim relief to restrain the Defendant from alienating or creating any third party rights on its secured properties until final disposal of this matter. Our Bank has also filed an additional interim application on June 22, 2020 seeking attachment of assets before judgment. The matter is currently pending.

5. Our Bank has filed an original application before the Debts Recovery Tribunal ("**Tribunal**"), New Delhi against Shantanu Prakash and Jagdish Prakash as a guarantor and security provider for Educomp Infrastructure School Management Limited ("**EISML**") and others under section 19 of the Recovery of Debts due to Banks and Financial Institution Act, 1993. Our Bank has granted credit facilities to the tune of ₹ 1,321.20 million to EISML. EISML defaulted in repayment of the sanctioned loan amount, which invoked the guarantee of Shantanu Prakash and Jagdish Prakash. Accordingly, our Bank has through this application sought relief, amongst other things (i) to pass a

decree against Shantanu Prakash and Jagdish Prakash and issue a recovery certificate for a sum of ₹ 1,224.55 million along with interest; (ii) pass an order restraining the Shantanu Prakash and Jagdish Prakash from creating any third party rights in the assets owned by them; (iii) pass an order restraining other defendants from alienating and creating any third party rights over certain assets; (iv) pass an order attachment/ sale of personal assets of Shantanu Prakash and Jagdish Prakash; (v) pass an order to appoint receiver to take charge of the personal assets of the Shantanu Prakash and Jagdish Prakash; (vi) to disclose before the Tribunal, by way of Affidavit details of all charged and uncharged assets and securities owned by Shantanu Prakash and Jagdish Prakash; and (vii) to pass an order to deposit their respective passports before the Tribunal and not leave the country. The matter is currently pending.

6. Our Bank has filed an original application before the Kolkata Debts Recovery Tribunal ("**Tribunal**"), against Mcleod Russel India Limited ("**MRIL**") and others under section 19 of the Recovery of Debts and Bankruptcy Act, 1993. Our Bank has granted credit facilities to MRIL and despite having been given ample opportunity and time to settle its dues has failed and neglected to pay our Bank. Accordingly, our Bank has through this application sought relief, amongst other things (i) to pass an order directing MRIL and others to pay jointly or severally to our Bank ₹ 4,535.89 million, plus interest, fees, penal interest and charges; (ii) issue certificate against MRIL and others in favour of our Bank a sum of ₹ 4,535.89 million; (iii) to issue direction to other defendants being the guarantors of the MRIL to repay the total outstanding dues to our Bank in case of the failure on the part of MRIL; (iv) injunction upon certain mortgaged charged / hypothecated/ pledged properties; (v) attachment of certain mortgaged/ charged/ hypothecated/ pledged properties; (vi) order for sale of the certain mortgaged/ charged/ hypothecated/ pledged properties; and (vii) injunction upon personal assets of other defendants being the guarantors of MRIL. The matter is currently pending.

7. Our Bank has filed an original application before the Debt Recovery Tribunal – II, Mumbai against Sumer Corporation ("**Defendant**") and others, to recover the outstanding amounts owed by the Defendant. The Defendant had approached our Bank for availing term loan facilities aggregating to ₹ 3,000 million, for the purpose of construction and development expenses of Chandivali SRA Project including refinance of unsecured loans deployed towards this project. Our Bank entered into loan agreements dated October 6, 2016 and December 6, 2018, respectively, for the aforesaid loan amount, which is secured by deeds of mortgage, deed of corporate guarantee and deed of personal guarantee, amongst other securities, executed by the Defendant. The Defendant failed to repay the outstanding amounts in accordance with agreed terms and conditions, despite repeated attempts by our Bank to regularize the overdue amounts, pursuant to which their account was declared as a non-performing asset on March 31, 2019. Our Bank sent a loan recall notice to the Defendant dated June 21, 2019 demanding repayment of the outstanding amount of ₹ 2,109.54 million, however the Defendant failed to repay. Our Bank has thereafter sought, *inter alia*, (a) recovery of ₹ 2,176.82 million along with interest at the rate of 12.80% per annum and default interest at the rate of 2% per annum from September 1, 2019 until the date of repayment in full, including enforcement of securities in the alternative; (b) an order for payment of costs including professional costs incurred by our Bank; and (c) interim relief to restrain the Defendant from alienating or creating any third party rights on its secured properties until final disposal of this matter. The matter is currently pending.

8. Our Bank has filed an original application (bearing no. 349 of 2020) in Debt Recovery Tribunal, Delhi against Shiv Vani Oil Gas and Exploration Services Limited ("**SVOGESL**"), Padam Singhee and Prem Singhee, (collectively, "**Personal Guarantors**"), M/S Dharti Oil Services Private Limited and M/S TRS Technology Private Limited (collectively, "**Corporate Guarantors**") and others under section 19 of the Recovery of Debts and Bankruptcy Act, 1993. Our Bank had sanctioned various credit facilities to SVOGESL. In order to secure the certain facilities availed by SVOGESL, Personal Guarantors executed letter of continuing guarantee and the Corporate Guarantors executed the Deed of Guarantee in favour of our Bank. Subsequently, the loan account of SVOGESL was classified as non-performing asset. Accordingly, our Bank has through this application sought relief, amongst other things to issue a recovery certificate against SVOGESL, Personal Guarantors and Corporate Guarantors jointly and severally for a sum of ₹ 3,605.26 million in favour of our Bank.

9. Our Bank being a financial creditor has filed six applications and 16 proofs of claim which are pending before various benches of NCLT against various parties under, the IBC for initiation of recovery proceedings, which are considered material by our Bank in accordance with the Materiality Policy. The following are the brief summaries for each of such proceedings:

i. Our Bank, as a financial creditor to Ezeego One Travel & Tours Limited ("**Ezeego**") has submitted an application dated November 19, 2019 before NCLT, Mumbai, under Section 7 of the Insolvency and Bankruptcy Code, 2016, to initiate corporate insolvency resolution process of Ezeego. Our Bank had sanctioned various credit facilities to Ezeego aggregating to an amount of ₹ 10,150.00 million, which are secured by way of deeds of hypothecation, deeds of pledge, deeds of mortgage and corporate guarantees, amongst other securities executed by Ezeego. Our Bank sent multiple demand notices to Ezeego requesting repayment of the outstanding amount owed to them, including a demand notice dated June 28, 2019 under Section 13(2) of the SARFAESI Act and the total amount due to our Bank as on August 28, 2019 was ₹ 10,026.08 million. The matter is currently pending.

ii. Our Bank, as a financial creditor to Jaypee Healthcare Limited ("**JHL**") has submitted an application dated November 26, 2019 before NCLT, Allahabad, under Section 7 of the Insolvency and Bankruptcy Code, 2016, to initiate corporate insolvency resolution process of JHL. Our Bank had sanctioned various credit facilities to JHL aggregating to an amount of ₹ 4,000.00 million, for the purposes of financing a 504 bedded hospital and other new hospital projects undertaken by JHL, which are secured by way of indenture of mortgage, deed of hypothecation and pledge of share capital, amongst other securities executed by JHL. JHL committed serious breaches and defaults in repayment of principal amounts, interest and other charges in respect of the aforesaid credit facilities and accordingly, the account of JHL was classified as non-performing asset on May 2, 2019. Pursuant to the aforesaid corporate insolvency resolution process, our Bank has submitted that the aggregate amount outstanding as on the date of filing the aforesaid application is ₹ 3,780.20 million. The matter is currently pending.

   Further, in the Corporate Insolvency Resolution Process ("**CIRP**") of Jaypee Infratech Limited ("**JIL**"), which is the holding company of JHL, NBCC Limited's resolution plan, was approved by its committee of creditors. The resolution plan had, amongst other things, dealt with the treatment of JHL. In relation to the treatment of JHL in the CIRP of JIL, our Bank had filed an application objecting to the resolution plan submitted by NBCC Limited, to the extent that the resolution plan deals with JHL. In this regard, the NCLT has passed order dated March 3, 2020 however, the order only recorded that our Bank has consented to the formation of the committee to deal with the assets of JHL and the shares. Our Bank has on May 14, 2020 filed an appeal in NCLAT against the NCLT order dated March 3, 2020 on the grounds that the assets of the subsidiary company are separate and completely distinct from the holding company and that the no restriction can be placed on the rights of our Bank as a financial creditor to recover its dues against its borrowing entity i.e., JHL cannot be interfered with in the CIRP of JIL. The matter is currently pending.

iii. Our Bank has filed an application under Section 7 of the IBC before NCLT, New Delhi, for initiation of corporate insolvency resolution process ("**CIRP**") against Tulip Star Hotels Limited ("**Corporate Debtor**") and others on November 29, 2019. From the year 2017 onwards, our Bank, granted and extended various credit facilities in the nature of term loans and various other facilities to M/s Ezeego One Travels and Tours Limited ("**Borrower Company 1**") aggregating to the tune of ₹ 10,150 million and various working capital facilities to Cox & Kings Limited ("**Borrower Company 2**") aggregating to the tune of ₹ 5,250 million. The Corporate Debtor provided an irrevocable and unconditional corporate guarantee to the tune of ₹ 4,500 million to secure the financial facilities extended to Borrower Company 1. The Corporate Debtor also provided a similar irrevocable and unconditional corporate guarantee to the extent of overall financial facilities granted to Borrower Company 2. Borrower Company 1 and Borrower Company 2 committed serious defaults in making timely payments and subsequently our Bank invoked the corporate guarantee granted by the Corporate Debtor. The Corporate Debtor has defaulted in payment to the tune ₹ 10,023.05 million. The matter is currently pending.

iv. Our Bank has filed an application under Section 7 of the IBC before NCLT, Kolkata, amongst other things, for initiation of corporate insolvency resolution process ("**CIRP**") against McLeod Russell India Limited ("**MRIL**") and others. Our Bank has granted various credit facilities to MRIL and despite having been given ample opportunity and time to settle its dues has failed and neglected to pay our Bank and accordingly our Bank declared the same as a NPA on August 13, 2019. Our Bank has submitted that the total amount of claim raised against MRIL is ₹ 4,535.89 million, plus interest, fees, penal interest and charges as on September 30, 2019 in respect of the credit facilities granted by our Bank to MRIL. Pursuant to this application, our Bank has requested NCLT, Kolkata, to grant the following reliefs, amongst other things, (i) admit the application under Section 7 of the IBC as it may deem fit; (ii) to appoint Ashish Chhawchharia as the Interim Resolution Professional; (iii) to declare moratorium in terms of section 14 of IBC; (iv) to direct the Interim Resolution Professional to cause public announcement as per section 13 of the IBC; and (v) such other orders or directions as it may deem fit and proper.

v. Our Bank, as a financial creditor, has filed an application under Section 7 of the IBC before NCLT, Mumbai, for initiation of corporate insolvency resolution process ("**CIRP**") in respect of M/s Tulip Hotels Private Limited ("**Corporate Debtor**"), who have defaulted payment under two guarantees executed on April 26, 2019 and July 10, 2019 aggregating to ₹ 9,000 million in its capacity as a guarantor guaranteeing repayment of the loans disbursed by our Bank to Cox and Kings Limited (hereinafter referred to as "**Borrower 1"**) and Ezeego One Travel & Tours Limited (hereinafter referred to as "**Borrower 2**"). The Corporate Debtor executed a deed of guarantee dated April 26, 2019 in favour of our Bank and unconditionally, absolutely, irrevocably, jointly and severally guaranteed to pay our Bank all the monies in respect of the obligations incurred by the Borrower 1, not exceeding ₹ 4,500 million. The Corporate Debtor also executed Deed of Guarantee dated July 10, 2019 in favour of our Bank and unconditionally, absolutely, irrevocably, jointly and severally guaranteed to pay to our Bank all the monies in respect of the obligations incurred by the Borrower 2, not exceeding ₹ 4,500 million. Borrower 1 and Borrower 2 committed severe breach and default in repayment of financial debt which included principal amount, interest and other charges thereon. Our Bank vide a letter of invocation of guarantee dated November 20, 2019 invoked the deed of guarantee dated April 26, 2019 issued by the Corporate Debtor in favour of our Bank and called upon the Corporate Debtor to pay to our Bank a sum of ₹ 4,500 million within one day from the date of the said letter of invocation. Also, our Bank vide letter of invocation of guarantee dated August 26, 2019 invoked the deed of corporate guarantee dated July 10, 2019 issued by the Corporate Debtor in favour of our Bank for Borrower 2 and called upon the Corporate Debtor to pay to our Bank a sum of ₹ 4,500 million within one (1) day from the date of the said letter of invocation. The Corporate Debtor failed to repay the guaranteed amount as mentioned in the letter of invocation of Guarantee dated August 26, 2019 and November 20, 2019. The inability of the Corporate Debtor to honor its outstanding liability of ₹ 9,000 million has constrained our Bank to file this application. The matter is currently pending.

vi. Our Bank has filed an application on July 15, 2020 under Section 7 of the IBC before NCLT, Mumbai, amongst other things, for initiation of corporate insolvency resolution process ("**CIRP**") against Neelkamal Realtors Towers Private Limited ("**NRTPL/ Corporate Debtor**"), who has defaulted in payment under the guarantee executed on September 19, 2018 ("**Deed Of Guarantee**") in its capacity as a guarantor guaranteeing repayment of the loans disbursed by our Bank to Indo Global Soft Solutions and Technologies Private Limited (hereinafter referred to as "**Borrower**"). The Corporate Debtor executed a Deed of Guarantee in favour of our Bank and guaranteed to pay our Bank all the monies in respect of the loan facilities availed by the Borrower. The Borrower committed breach and default in repayment of the loan facilities including principal amount, interest and other charges thereon. Our Bank vide a letter of invocation of guarantee dated January 30, 2020 invoked the Deed Of Guarantee issued by the Corporate Debtor in favour of our Bank. The Corporate Debtor failed to repay the guaranteed amount as mentioned in the letter of invocation of Guarantee dated January 30, 2020. The inability of the Corporate Debtor to honor its outstanding liability of ₹ 2,137.85 million has constrained our Bank to file this application. The matter is currently pending.

vii. Our Bank, as a financial creditor to Khed Sinnar Expressway Limited ("**KSEL**") has submitted a proof of its claim dated June 14, 2019, in relation to its exposure in KSEL, as required by the public announcement dated May 22, 2019 in terms of "*Third Progress Report – Proposed resolution framework for the IL&FS group*". Our Bank had sanctioned secured term loan facility to KSEL and has submitted that the total amount of claim raised against KSEL (including any interest as at the insolvency commencement date i.e., October 15, 2018) is ₹ 4,083.96 million. The matter is currently pending.

viii. Our Bank, as a financial creditor to IL&FS Energy Development Corporation Limited ("**IEDCL**") has submitted a proof of its claim dated June 14, 2019, in relation to its exposure in IEDCL, as required by the public announcement dated May 22, 2019 in terms of "*Third Progress Report – Proposed resolution framework for the IL&FS group*". Our Bank had sanctioned secured term loan facility to IEDCL and has submitted that the total amount of claim raised against IEDCL (including any interest as at the insolvency commencement date i.e., October 15, 2018) is ₹ 9,983.63 million. The matter is currently pending.

ix. Our Bank, as a financial creditor to Educomp Infrastructure and School Management Limited ("**EISML**") has submitted a proof of its claim dated May 10, 2018, under Regulation 8 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, in relation to its exposure in EISML. Our Bank had sanctioned certain credit facilities to EISML and has submitted that the total amount of claim raised against EISML (including any interest as at the insolvency commencement date i.e., April 25, 2018) is ₹ 1,314.59 million. The matter is currently pending.

x. Our Bank, as a financial creditor to Amira Pure Foods Private Limited ("**APFPL**") has submitted a proof of its claim dated March 16, 2020, under regulation 18 of Insolvency and Bankruptcy Board of India (Liquidation Process), Regulations 2016, in relation to its exposure in APFPL. Our Bank had sanctioned certain credit facilities to APFPL and has submitted that the total amount of claim raised against APFPL (including any interest as at the insolvency commencement date i.e., February 17, 2020) is ₹ 1,567.01 million. The matter is currently pending.

xi. Our Bank, as a financial creditor to Pan India Utilities Distribution Company Limited ("**PIUDCL**") has submitted a proof of its claim dated October 9, 2019, in relation to its exposure in PIUDCL. Our Bank had sanctioned certain credit facilities to PIUDCL and has submitted that the total amount of claim raised against PIUDCL (including any interest as at the insolvency commencement date i.e., September 20, 2019) is ₹ 2,993.49 million. The matter is currently pending.

xii. Our Bank has invested in (i) unsecured subordinated listed NCDs under the ISIN no. INE202B08801 for an amount of ₹ 10,000 million ("**NCDs 1**"); (ii) secured masala bonds under the ISIN no. XS1804974399 for an amount of ₹ 2,800 million ("**Masala Bonds**"); (iii) secured listed NCDs under the ISIN no. INE202B07IY2 for an amount ₹ 17,000 million ("**NCDs 2**"); and (iv) secured listed NCDs under the ISIN no. INE202B07JI3 for an amount ₹ 10,000 million ("**NCDs 3**"); all issued by Dewan Housing Finance Corporation Limited ("**DHFL**"). Catalyst Trusteeship Limited, in its capacity as debenture trustee on behalf of holders of NCDs 1, NCDs 2 and NCDs 3 has filed a submission of claim under regulation 8 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016) on December 16, 2019 to Shri. R. Subramaniakumar being the Resolution Professional/Administrator for DHFL. Further, Citicorp International Limited in its capacity as a trustee on behalf of behalf of the holders of the Masala Bonds has filed a submission of claim under regulation 8 of Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016) on December 17, 2019 to Shri. R. Subramaniakumar being the Resolution Professional/Administrator for DHFL. The matter is currently pending.

xiii. Our Bank, as a financial creditor to IL&FS Transportation Network India Limited ("**ITNL**") has submitted a proof of its claim dated June 18, 2019, in relation to its exposure in ITNL, as required by the public announcement dated May 22, 2019 in terms of "*Third Progress Report – Proposed resolution framework for the IL&FS Group*". Our Bank had sanctioned secured cash credit and term loan facilities to ITNL and has submitted that the total amount of claim raised against ITNL (including any interest as at the insolvency commencement date i.e., October 15, 2018) is ₹ 5,766.75 million. The matter is currently pending.

xiv. Our Bank, as a financial creditor to IL&FS Maritime Infrastructure Company Limited ("**IMICL**") has submitted a proof of its claim dated June 14, 2019, in relation to its exposure in IMICL, as required by the public announcement dated May 22, 2019 in terms of "*Third Progress Report – Proposed resolution framework for the IL&FS Group*". Our Bank had sanctioned secured term loan facilities to IMICL and has submitted that the total amount of claim raised against IMICL (including any interest as at the insolvency commencement date i.e., October 15, 2018) is ₹ 5,312.82 million. The matter is currently pending.

xv. Our Bank, as a financial creditor to Jet Airways (India) Limited ("**JAL**") has submitted a proof of its claim dated July 4, 2019, in relation to its exposure in JAL, as required by the public announcement dated June 24, 2019. Our Bank had sanctioned secured credit facilities to JAL and has submitted that the total amount of claim raised against JAL (including any interest as at the insolvency commencement date i.e., June 20, 2019) is ₹ 10,844.43 million. The matter is currently pending.

xvi. Our Bank, as a financial creditor to Pratibha Industries Limited ("**PIL**") has submitted a proof of its claim dated March 8, 2019, in relation to the corporate insolvency resolution process of PIL. Our Bank had sanctioned multiple secured credit facilities to PIL and submitted that the total amount of claim raised against PIL (including any interest as at the insolvency commencement date i.e., February 1, 2019) was ₹ 1,542.00 million. After the insolvency commencement date our Bank has received part repayment from the sale of one of the secured assets and accordingly the outstanding dues owed to our Bank as on March 1, 2019 is ₹ 1,504.59 million. The matter is currently pending.

xvii. Our Bank, as a financial creditor to Videocon Industries Limited ("**VIL**") has submitted a proof of its claim dated September 20, 2018, in relation to the corporate insolvency resolution process of VIL. Our Bank had sanctioned credit facilities to Videocon Realty & Infrastructure Limited ("**VRIL**") which is secured by way of a corporate guarantee and an exclusive charge on an immoveable property owned by VIL. Pursuant to the aforesaid corporate insolvency resolution process, our Bank has submitted that the total amount of claim raised against VIL (including any interest as at the insolvency commencement date i.e., June 6, 2018) is ₹ 1,444.43 million. The matter is currently pending.

xviii. Our Bank, as a financial creditor to Cox & Kings Limited ("**CKL**") has submitted a proof of its claim dated November 6, 2019, in relation to its exposure in CKL, as required by the public announcement dated October 22, 2019. Our Bank had sanctioned various secured credit facilities to CKL and has submitted that the total amount of claim raised against CKL (including any interest as at the insolvency commencement date i.e., October 22, 2019) is ₹ 22,672 million. The matter is currently pending.

xix. Our Bank, as a financial creditor to Dome-bell Electronics India Private Limited ("**DEPL**") has submitted a proof of its claim dated November 19, 2018, in relation to the corporate insolvency resolution process of DEPL. Our Bank had sanctioned credit facilities to Videocon Realty & Infrastructure Limited ("**VRIL**") which is secured by way of a charge on 13,906,288 equity shares of Dish TV India Limited ("**DTIL**") to be allotted to DEPL in lieu of 6,890,000 shares previously held by DEPL in Videocon d2h Limited (since merger with DTIL) together with receivables and the liquidation value thereof and all estate, right, title, interest, property, benefit, claim, and demand in, to or under the said equity shares. Pursuant to the aforesaid corporate insolvency resolution process, our Bank has submitted that the total amount of claim raised against DEPL (including any interest as at the insolvency commencement date i.e., August 21, 2018) is ₹ 1,446.68 million. The matter is currently pending.

xx. Our Bank, as a financial creditor to Housing Development and Infrastructure Limited ("**HDIL**") has submitted a proof of its claim dated October 25, 2019, in relation to the corporate insolvency resolution process of HDIL. Our Bank had sanctioned credit facilities to Excel Arcade Private Limited ("**EAPL**") and Privilege Industries Limited ("**PIL**") which are secured by way of corporate guarantee and charge on certain immoveable property owned by HDIL. Pursuant to the aforesaid corporate insolvency resolution process, our Bank has submitted that the total amount of claim raised against HDIL (including any interest as at the insolvency commencement date i.e., August 20, 2019) is ₹ 4,954.82 million. The matter is currently pending.

xxi. Our Bank, as a financial creditor to Monnet Power Company Limited ("**MPCL**") has submitted a proof of its claim dated December 26, 2019, in relation to the liquidation of MPCL. Our Bank had sanctioned secured term loan facility to MPCL and has submitted that the total amount of claim raised against MPCL (including any interest as at the liquidation commencement date i.e., October 23, 2019) is ₹ 2,578.96 million. The matter is currently pending.

xxii. Our Bank, as a financial creditor to Reliance Communications Limited ("**RCL**") has submitted a proof of its claim dated May 21, 2019, in relation to the corporate insolvency resolution process of RCL. Our Bank had sanctioned secured non-fund based credit facility to RCL, which was a revolving financial bank guarantee in favour of Department of Telecom, Government of India ("**DoT**") for guaranteeing annual spectrum payments and submitted that the total amount of claim raised against RCL (including any interest as at the insolvency commencement date i.e., May 7, 2019) was ₹ 2,814.50 million which shall become due and payable upon invocation of the said guarantee by DoT. The matter is currently pending.

10. Our Bank has initiated proceedings against Cornerstone Properties Private Limited ("**Applicant**") under the SARFAESI Act for non-repayment of loan amounts by Mantri Cornerstone Holding Private Limited ("**MCHPL**"). The Applicant was approached by MCHPL for development of a plot of land

which the Applicant had taken on lease and they entered into a joint development agreement for the same. Further, they approached our Bank to avail credit facility of ₹3,000.00 million for the purpose of construction and development of commercial office space at the aforementioned plot, which was later enhanced to ₹4,000.00 million, and secured by way of corporate guarantee from the Applicant and mortgage of leasehold rights in the aforementioned plot, amongst other securities. Thereafter, MCHPL failed to pay some of the installments towards repayment of the aforesaid loans and our Bank had to issue a demand notice dated July 19, 2019 demanding repayment of ₹1,480.18 million within 60 days. Since MCHPL and the Applicant failed to repay the outstanding amount, our Bank classified their account as non-performing and published a possession notice dated November 5, 2019 under Section 13(4) of the SARFAESI Act. Aggrieved by the action of our Bank, the Applicant filed the present application under Section 17 of the SARFAESI Act before the Debt Recovery Tribunal – I, Bengaluru, to declare the proceedings initiated by our Bank under the SARFAESI Act as illegal and sought relief, *inter alia*, to (i) set aside the possession notice and all consequent actions; and (ii) direct our Bank to consider request for restructuring the repayments. Matter is currently pending.

11. Our Bank has issued a demand notice dated July 31, 2019 against the Essar Services India Private Limited ("**ESIPL**") and others under Section 13(2) of the SARFAESI Act, seeking repayment of certain credit facilities sanctioned by our Bank within 60 days of the date of notice, failing which our Bank would take recourse to the remedies under Section 13(4) of the SARFAESI Act. Further, possession notice dated November 20, 2019 under Section 13(4) was issued by our Bank. Aggrieved by the steps taken by our Bank, ESIPL, and the mortgagors and guarantors to the facility, filed three separate securitization applications bearing nos. 1477 of 2019, 1478 of 2019 and 1479 of 2019 under Section 17 of the SARFAESI Act before DRT, Mumbai and sought relief, amongst other things to (i) declare the possession notice dated November 20, 2019 and demand notice issued dated July 31, 2019 issued by our Bank as bad in law, null and void; (ii) restrain our Bank from taking measures under SARFAESI Act in respect of the scheduled property; and (iii) declare that the measure /actions taken by our Bank are illegal, arbitrary bad in law and to set aside the same.

12. Our Bank has filed a suit and an interim application before the High Court of Bombay on June 26, 2020 against Zee Entertainment Enterprises Limited, Living Entertainment Limited, ATL Media Limited ("**ATL**"), Axis Bank Limited, Veria International Limited ("**Veria**") and others. Our Bank has filed the suit amongst other things to seek protective orders to safeguard its security provided by Zee Entertainment Enterprises Limited ("**Security Provider**") to our Bank in relation to a foreign currency term loan of USD 50,000,000 ("**Loan**") extended by our Bank to the Living Entertainment Limited ("**Borrower**"), under a Facility Letter and Addendum thereto, both dated March 30, 2016 and a Facility Agreement dated June 8, 2016 (collectively "**Facility Agreement**"). On January 20, 2016, the Borrower entered into a Put Option Agreement with ATL, whereby the Borrower had the option to call upon ATL to purchase certain shares held by the Borrower. The Borrower entered into an Assignment of Support Documents Agreement with Axis Bank Limited (as security trustee for and on behalf of itself as lender and our Bank) ("**Assignment Agreement**") whereunder the Borrower assigned all its rights, title and interest inter alia under the Put Option Agreement dated January 20, 2016 in favour of Axis Bank Limited (as security trustee for and on behalf of itself as lender and our Bank). The security provided by the Security Provider is in the form a guarantee to repay the Loan taken by the Borrower, which is part of the Essel Group of companies. In furtherance of the guarantee, Security Provider provided a Letter of Comfort dated May 31, 2016 ("**Letter of Comfort**") to our Bank, whereby Security Provider undertook to infuse equity/debt into ATL so that ATL may (a) honour its commitments under the Put Option Agreement dated January 20, 2016 and purchase upto 64.38% shares of the Veria from the Borrower; and (b) transfer an amount of USD 52,500,000 obtained from the sale of shares to our Bank towards repayment of the Loan. Subsequently, our Bank came across press releases indicating that the promoter/promoter group shareholding in Security Provider would be/ had been substantially divested, thereby triggering an "Event of Default" under the Facility Agreement. The Borrower had also failed to make repayments under the Loan. In light of the above, this Suit and an interim application was filed amongst other things seeking a declaration that (a) our Bank continues to be the beneficiary under the guarantee evidenced by a Letter of Comfort dated May 31, 2016 extended by Security Provider to our Bank, and Security Provider thereunder agreed to the Loan extended by our Bank to the Borrower, and continues to be a guarantor and is obliged to perform all obligations mentioned in the Letter of Comfort; (b) that the composite agreement/arrangement constituted by the contract of guarantee and the Letter of Comfort is valid, subsisting and binding on Security Provider; and (c) Security Provider is bound and liable to repay an amount of USD 51,643,564, being the outstanding Loan amount, including by

performing the acts undertaken to be performed by Security Provider under the Letter of Comfort. Our Bank also sought for perpetual injunctions restraining Security Provider from (a) denying its status as a guarantor and our Bank status as the beneficiary under the Letter of Comfort; and/or (b) alienating its receivables, assets (movable and/or immovable) and/or the business without prior approval of the Bombay High Court, until it makes payment of the outstanding Loan amount. On July 1, 2020, the Bombay High Court noted that there is no prima facie case for any restraint on the assets of the Security Provider and accordingly refused the ad interim application ("**Order**"). Aggrieved by the Order, our Bank filed an appeal before the Bombay High Court. The matter is currently pending.

B. Litigation involving our Directors

Except as disclosed under the section "*Outstanding Litigation and Material Developments - Litigation involving our Bank - Litigation initiated against our Bank*" on page 479, as on the date of this Prospectus, there are no other proceedings pending against the Directors of our Bank, which have been considered material by our Bank in accordance with the Materiality Policy.

Violation of securities laws settled through the consent or settlement mechanism by our Bank during three years immediately preceding the date of filing of this Prospectus:

a. A show cause notice dated May 28, 2019 was issued to our Bank and the compliance officer of our Bank by SEBI alleging, amongst other things, that our Bank had issued a press release on February 13, 2019 in relation to a confidential report by RBI, which contained selective disclosures, and was issued without proper authorisation. Further, it was alleged that our Bank had failed to follow due procedure to disclose material information and did not have the relevant systems in place while disclosing material information under the listing regulations. Our Bank had filed a settlement application reference no. 3956/2019 dated June 21, 2019 with SEBI in terms of the SEBI (Settlement Proceedings) Regulations, 2018 ("**Settlement Regulations**"). By an order dated September 4, 2019, SEBI was pleased to permit settlement in relation to this matter upon payment by our Bank and by the compliance officer of our Bank of an amount of ₹ 5.16 million and ₹ 1.45 million, respectively, as settlement charges.

b. SEBI had issued a show cause notice dated June 16, 2017 to our Bank under Section 15-I of SEBI Act, 1992 and Section 23-I of the Securities Contracts (Regulation) Act, 1956, to inquire into and adjudge an alleged violation of the SEBI Listing Regulations, in respect of the withdrawn qualified institutions placement in September, 2016. Pursuant thereto, our Bank filed an application under the erstwhile SEBI (Settlement of Administrative and Civil Proceedings) Regulations 2014 and SEBI by way of its settlement order dated June 29, 2018 disposed of the adjudication proceedings initiated against our Bank upon payment by our Bank of ₹ 4.08 million as settlement charges.

Outstanding dues to creditors

As of March 31, 2020, we had 7,245 creditors to whom an aggregate outstanding amount of ₹ 2,855.57 million was due. As per the Materiality Policy, creditors to whom amounts exceeding 5% of our Bank's total dues owed to creditors as of the end of the most recent period covered in the Restated Financial Information, *i.e.*, ₹ 142.78 million, would be considered as 'material' creditors. Based on the above, there are no material creditors of our Bank as on March 31, 2020 to whom an aggregate amount of ₹ 142.78 million was outstanding on such date. For further details of the names and the amount involved for such material creditors, see https://www.yesbank.in/about-us/investor-relations/disclosure.

Further, an amount of ₹ 19.72 million is outstanding as dues to 33 micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as on March 31, 2020.

Information provided on the website of our Company is not a part of this Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including the website of our Company, https://www.yesbank.in, would be doing so at their own risk.

Material Developments since the date of the last balance sheet

Except as stated in "*Recent Developments*" on page 173, there have not arisen, since the date of the last financial statements disclosed in this Prospectus, any circumstances, which materially and adversely affect, or are likely to affect profitability of our Bank.

GOVERNMENT AND OTHER APPROVALS

We provide various services to our customers pursuant to certain approvals, registrations, permits and licenses under the provisions of various laws and regulations. The requirement for the approvals may vary based on factors such as the legal requirements in the jurisdiction in which the service is being provided. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage. Unless otherwise stated, these approvals are valid as on the date of this Prospectus. For details in connection with the regulatory and legal framework within which we operate, see "Key Regulations and Policies in India" on page 214.

*As of the date of this Prospectus, our Bank has 1,135 branches and one IBU spread across various states and union territories. For the purposes of this section, in relation to our Bank's branches, the top 50 branches and one IBU on the basis of their business contribution (advances and deposits) for the Financial Year ended March 31, 2020 ("**Material Branches**") have been identified. For Offer related approvals, see "Other Regulatory and Statutory Disclosures" on page 494 and for incorporation details of our Bank, see "History and Certain Corporate Matters" on page 233.*

Material approvals in relation to the business and operations of our Bank

Material business related approvals of our Bank

1. Approvals and authorisations issued by the RBI such as approval for carrying on the banking business, approval for opening of the representative offices outside India, opening of branches*, opening of currency chest and small coin deposit at certain branches, import of gold and silver, license for dealing in foreign exchange, authorization for undertaking the primary dealership business** and opening of IBU at one branch and authorization for undertaking the collection of commercial taxes in Gujarat.

   **For details, refer to 'Key Regulations and Policies in India - Regulations relating to the opening of branches'* on page 216.

   ***For details, refer to 'Risk Factors - We are not in compliance with the terms of our primary dealership licence'* on page 47.

2. Authorisation / empanelment to act as a 'Clearing Bank' of Multi Commodity Exchange of Clearing Corporation Limited, National Commodity Clearing Limited, NSE Clearing Limited and National Securities Clearing Corporation Limited.

3. Authorisation issued by RBI granting the RTGS membership type 'A'.

4. Authorisation issued by RBI granting mobile payments.

5. Registration as a corporate agent issued under the IRDAI (Registration of Corporate Agent) Regulations, 2015.

6. Registration as a mutual fund advisor issued by the Association of Mutual Funds in India.

7. Registration as a category – I merchant banker issued by SEBI under the SEBI (Merchant Bankers) Regulations, 1992.

Material labour/employment related approvals of our Bank

1. Registrations under applicable shops and establishments legislations for our branches, issued by the ministry or department of labour of the relevant State government, wherever applicable.

2. Registrations under the Contract Labour (Regulation and Abolition) Act, 1970.

3. Registrations under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.

Tax related approvals of our Bank

1. Permanent account number issued by the Income Tax Department under the Income Tax Act, 1961.

2. Tax deduction account number issued by the Income Tax Department under the Income Tax Act, 1961.

3. Goods and services tax registration issued by the GoI under the Goods and Service Tax Act, 2017.

Key approvals obtained for the Material Branches of our Bank

Our Bank has obtained registrations in the normal course of business for its Material Branches across various states and union territories in India, including the RBI approval for setting up of a branch, shops and establishments registrations issued by various state labour departments under relevant state legislations and goods and service tax registrations with the relevant authorities in various states and union territories. Certain approvals may lapse in their normal course and our Bank has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications.

Material approvals which have expired for which renewal applications have been made

1. Application dated November 28, 2019 by the Bank for renewal of the ISO 9001:2015 registration for learning services and content designs and development by Bureau Veritas.

2. Acknowledgement dated March 5, 2020 for the application by the Bank for renewal of the shops and establishment registration for its Material Branch situated at Russel Street, Kolkata.

3. Application dated March 18, 2020 by the Bank for renewal of the shops and establishment registration for its Material Branch situated at Nagpur, Maharashtra.

4. Application bearing no. REGEMPSHP1/2020/1521 by the Bank for renewal of the shops and establishment registration for its Material Branch situated at Chandigarh.

5. Email dated June 1, 2020 to BSI for re – certification audit of ISO 10002:2018 registration for the customer satisfaction management system.

Intellectual property rights

Our Bank has 105 trademark registrations, including for its logo ' YES BANK ', under classes 9, 16, 35, 36, 41, 44 and 45 of the Trade Mark Act, 1999. We also have a copyright in the artistic work in the 'YES BANK' logo, which has been duly registered with the Registrar of Copyrights. For details, please refer to '*Our Business – Intellectual Property*' and '*Risk Factors - We may breach third-party intellectual property rights or be required to initiate claims against others infringing our intellectual property rights*.' on pages 203 and 64 respectively.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Offer

- Our Board has, pursuant to its resolutions dated January 10, 2020 and March 26, 2020, authorised the Offer for an amount of up to ₹ 1,00,000 million and up to ₹ 50,000 million, respectively, aggregating to up to ₹ 1,50,000 million.

- The shareholders of our Bank have authorised the Offer by a resolution passed on February 7, 2020 and May 22, 2020.

- Our Bank has applied to BSE and NSE for obtaining their respective in-principle approvals for listing of the Equity Shares under this Offer, and has received the in-principle approvals from BSE and NSE pursuant to their letters dated July 7, 2020 and July 6, 2020, respectively. For the purposes of this Offer, the BSE shall be the Designated Stock Exchange.

Prohibition by SEBI or other Governmental

Our Bank, our Directors and the persons in control of our Bank are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any other authority/court.

Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018

Our Bank is in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018.

Directors associated with the securities market

Prashant Kumar and Ananth Narayan Gopalakrishnan are associated with entities that are engaged in securities market related business and are registered with SEBI and there are no outstanding actions initiated by SEBI against such entities.

Except as stated above, none of our Directors are, in any manner, associated with the securities market and there is no outstanding action initiated by SEBI against the Directors of our Bank in the past five years preceding the date of this Prospectus.

Eligibility for the Offer

Our Bank is eligible for this Offer in accordance with the SEBI ICDR Regulations.

This Offer is being made through the Book Building Process in accordance with the SEBI ICDR Regulations wherein up to 50% of the Offer shall be available for allocation on a proportionate basis to QIBs.

Further, the Bank is eligible to make a 'fast track further public offer' in accordance with Regulation 155 of the SEBI ICDR Regulations and SEBI circular dated June 9, 2020 bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/85/2020, as described below:

(a) The Equity Shares of the Bank have been listed on BSE and NSE, for a period of at least three years immediately preceding the date of filing the Red Herring Prospectus with the RoC;

(b) Pursuant to SEBI's letter dated June 9, 2020, bearing reference no. SEBI/HO/CFD/CMD1/OW/2020, and approvals issued by the Stock Exchanges, each dated June 12, 2020, pursuant to Regulation 31A of the SEBI Listing Regulations, the Bank is professionally managed, and is a 'listed entity with no promoters' and consequently, they do not have a promoter group in terms of the SEBI Listing Regulations;

(c) The average market capitalisation of public shareholding of the Bank is at least Rs. 5,000 million;

(d) The annualised trading turnover of the Equity Shares of the Bank during six calendar months immediately preceding the month of filing the Red Herring Prospectus with the RoC has been at least 2% of the weighted average number of Equity Shares listed during such six months period;

(e) The annualised delivery-based trading turnover of the Equity Shares during six calendar months immediately preceding the month of filing the Red Herring Prospectus with RoC has been at least ten per cent of the annualised trading turnover of the Equity Shares during such six months' period;

(f) The Bank has been in compliance with the equity listing agreement or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, for a period of at least three years immediately preceding the date of this certificate, except for a delay in filing the financial results of the Bank for the quarter ended December 31, 2019. These were filed with the Stock Exchanges on March 14, 2020 instead of on or before February 14, 2020. However, the Bank has made payment of monetary fines in respect of this to the Stock Exchanges and accordingly is in compliance with the eligibility requirements for undertaking a fast track further public offer in terms of Regulation 155(f) of the SEBI ICDR Regulations;

(g) The Bank has redressed at least ninety five per cent of the complaints received from the investors till the end of the quarter immediately preceding the month of filing the Red Herring Prospectus with the RoC;

(h) No show-cause notices, excluding adjudication proceedings, have been issued by SEBI and pending against the Bank or its whole-time directors as on the date of the Red Herring Prospectus. In cases where against the Bank or its Directors or Group Companies,

    i) a show cause notice(s) has been issued by SEBI in an adjudication proceeding or
    ii) prosecution proceedings have been initiated by SEBI;

    necessary disclosures in respect of such action (s) along-with its potential adverse impact on the Bank have been made in the Red Herring Prospectus and this Prospectus.

(i) The Bank or Director of the Bank has fulfilled the settlement terms or adhered to directions of the settlement order(s) in cases where it has settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI;

(j) The Equity Shares of the Bank have not been suspended from trading as a disciplinary measure during last three years immediately preceding the date of filing the Red Herring Prospectus with the RoC;

(k) There is no conflict of interest between the Book Running Lead Managers and the Bank or its Group Companies in accordance with the applicable regulations as on the date of filing this Prospectus with the RoC;

(l) The impact of audit qualifications, if any and where quantifiable, on the audited accounts of the Bank in respect of the financial years for which such accounts are disclosed in this Prospectus are appropriately disclosed in this Prospectus and there are no adjustments required in the audited accounts of the Bank in respect of these audit qualifications. Further, that for the qualifications wherein impact on the financials cannot be ascertained the same are disclosed appropriately in the Prospectus.

Our Bank confirms that it is in compliance with the conditions specified in Regulation 104 of the SEBI ICDR Regulations, to the extent applicable.

Further, our Bank confirms that it is not ineligible to make the Offer in terms of Regulation 102 of the SEBI ICDR Regulations, to the extent applicable, as is set out below:

(a) Our Bank or our Directors are not debarred from accessing the capital markets by the SEBI.

(b) None of our Directors are promoters or directors of companies which are debarred from accessing the capital markets by the SEBI.

(c) Our Bank or Directors are not wilful defaulters.

(d) None of our Directors has been declared a fugitive economic offender (in accordance with the Fugitive Economic Offenders Act, 2018).

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BRLMS HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE BANK IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE BANK DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, SBI CAPITAL MARKETS LIMITED, AXIS CAPITAL LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, DSP MERRILL LYNCH LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, ICICI SECURITIES LIMITED AND YES SECURITIES (INDIA) LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JULY 9, 2020 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE BANK FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

Disclaimer clause of BSE

BSE Limited (“the Exchange”) has given vide its letter dated July 07, 2020 permission to this Company to use the Exchange’s name in this offer document as one of the stock exchanges on which this company’s securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-

a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
b) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/C/2020/0477 dated July 06, 2020 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this Draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer clause of the RBI

A license authorising the Bank to carry on banking business has been obtained from the Reserve Bank of India in terms of section 22 of the Banking Regulation Act, 1949. It must be distinctly understood, however, that in issuing the license the Reserve Bank of India does not undertake any responsibility for the financial soundness of the Bank.

Disclaimer from our Bank and the BRLMs

Our Bank, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our Bank's instance and anyone placing reliance on any other source of information, including our Bank's website, www.yesbank.in, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Bank and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere.

None among our Bank or any member of the Syndicate is liable for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Bank, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Bank, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Bank and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Bank and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds, insurance funds set up and managed by the army and navy and insurance funds set up and managed by the Department of Posts, India and systemically important non banking financial companies) and permitted Non-Residents including FPIs and Eligible NRIs, AIFs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with Registrar of Companies, Mumbai.

Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Bank from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A) in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Equity Shares Offered and Sold within the United States

Each subscriber or purchaser that is acquiring the Equity Shares offered pursuant to this Offer within the United States, by its acceptance of the Prospectus and the purchase of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with the Bank and the BRLMs that it has received a copy of the Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Equity Shares issued or offered pursuant to this Offer in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Equity Shares issued or offered pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be issued or offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

(3) the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a U.S. QIB with respect to which it exercises sole investment discretion;

(4) the purchaser is not an affiliate of the Bank or a person acting on behalf of an affiliate;

(5) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in transactions exempt, or not subject to, the registration requirements of the U.S. Securities Act or (ii) in an offshore transaction complying with

Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States;

(6) the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;

(7) the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A under the U.S. Securities Act restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

(8) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Bank determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE ISSUED, OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN TRANSACTIONS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(9) the purchaser agrees that neither the purchaser, nor any of its affiliates (as defined in Rule 405 of the U.S. Securities Act), nor any person acting on behalf of the purchaser or any of its affiliates (as defined in Rule 405 of the U.S. Securities Act), will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares or any "general solicitation" or "general advertising" (as defined in Regulation D under the U.S. Securities Act) in the United States in connection with any offer or sale of the Equity Shares; and

(10) the purchaser acknowledges that the Bank, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Bank, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares Issued, Offered and Sold in this Offer

Each subscriber that is acquiring the Equity Shares issued or offered pursuant to this Offer outside the United States, by its acceptance of the Prospectus and the issuance or purchase of the Equity Shares offered pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with the Bank and the BRLMs that it has received a copy of the Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the subscriber or purchaser is authorized to consummate the purchase of the Equity Shares issued or offered pursuant to this Offer in compliance with all applicable laws and regulations;

(2) the purchaser or subscriber acknowledges that the Equity Shares offered or issued pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be issued or offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to,

the registration requirements of the U.S. Securities Act;

(3) the subscriber or purchaser is purchasing the Equity Shares issued or offered pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;

(4) the subscriber or purchaser and the person, if any, for whose account or benefit the purchaser is subscribing or acquiring the Equity Shares issued or offered pursuant to this Offer, was located outside the United States at the time (i) the offer of such Equity Shares was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not subscribed or purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

(5) the purchaser or subscriber is not an affiliate of the Bank or a person acting on behalf of an affiliate;

(6) if, in the future, the purchaser or subscriber decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, issued or sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Bank determines, in its sole discretion, to remove them;

(7) the purchaser agrees that neither the purchaser, nor any of its affiliates (as defined in Rule 405 of the U.S. Securities Act), nor any person acting on behalf of the purchaser or any of its affiliates (as defined in Rule 405 of the U.S. Securities Act), will make any “directed selling efforts” as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;

(8) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Bank determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE ISSUED, OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN TRANSACTIONS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(9) the purchaser acknowledges that the Bank, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Bank, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Listing

BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised. Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of the Equity Shares.

Consents

Consents in writing of: (a) our Directors, our Company Secretary and Compliance Officer, Statutory Auditors, legal counsel to our Bank as to Indian law, legal counsel to the BRLMs as to Indian law, international legal counsel to the BRLMs, the BRLMs, the Registrar to the Offer; and (b) the Syndicate Members and the Banker(s) to the Offer to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the RoC as required under the Companies Act. Further, such consents have not been withdrawn up to the time of delivery of this Prospectus and shall not be withdrawn up to the time of the delivery of the Prospectus to the RoC.

Expert to the Offer

Except as stated below, our Bank has not obtained any expert opinions:

Our Bank has received written consent from the Statutory Auditors namely, B S R & Co. LLP, Chartered Accountants, holding a valid peer review certificate from ICAI, to include their name as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as a Statutory Auditor and for the inclusion of their (i) examination reports dated July 3, 2020 on the Restated Consolidated Financial Information and Restated Standalone Financial Information of the Bank as of and for the year ended March 31, 2020, March 31, 2019 and March 31, 2018, and (ii) their report on the "Statement of Tax Benefits" dated July 18, 2020, included in this Prospectus, and such consent has not been withdrawn as on the date of this Prospectus. Such consent has not been withdrawn up to the time of delivery of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

Particulars regarding public or rights issues by our Bank during the last five years

Except as disclosed in the section titled "*Capital Structure*" on page 92, our Bank has not made any public or rights issue during the last five years.

Underwriting commission, brokerage and selling commission paid on previous issues of the Equity Shares

No sum has been paid or is payable by our Bank as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since incorporation:

Capital issue during the previous three years

Except as disclosed in the section titled "*Capital Structure*" on page 92, our Bank has not made any capital issuances in the three years preceding the date of filing this Prospectus. Neither the Subsidiaries of the Bank nor its Group Companies have made any capital issuances in the three years preceding the date of filing this Prospectus.

Performance vis-à-vis objects – Public/ rights issue of our Bank

Except as disclosed in the section titled "*Capital Structure*" on page 92, our Bank has neither undertaken any public issue nor any rights issue in the five years preceding the date of this Prospectus.

Performance vis-à-vis objects – Public/ rights issue of the listed Subsidiaries of our Bank

None of the Subsidiaries of our Bank have securities listed on any stock exchange.

Price information of past issues handled by the BRLMs (during the current Fiscal and two Fiscals preceding the current Fiscal)

Kotak Mahindra Capital Company Limited

1. *Price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by Kotak Mahindra Capital Company Limited*

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	SBI Cards And Payment Services Limited	103,407.88	755	16-Mar-20	661	-33.05% [-2.21%]	-21.79%[8.43%]	-
2.	Ujjivan Small Finance Bank Limited	7,459.46	37	December 12, 2019	58.75	+41.08% [+2.38%]	+10.27%[-12.70%]	-16.62%[-15.07%]
3.	Polycab India Limited	13,452.60	538	April 16, 2019	633.00	+15.36% [-5.35%]	+14.70%[-1.99%]	+23.76%[-4.09%]
4.	Metropolis Healthcare Limited	12,042.88	880	April 15, 2019	958.00	+3.75% [-4.01%]	+21.39%[-1.18%]	+45.93%[-3.30%]
5.	CreditAccess Grameen Limited	11,311.88	422	August 23, 2018	390.00	-21.6% [-3.80%]	-14.91% [-8.00%]	-5.71%[-8.13%]
6.	HDFC Asset Management Company Limited	28,003.31	1,100	August 6, 2018	1,726.25	+58.35% [+1.17%]	+30.61% [-7.32%]	+23.78%[-4.33%]
7.	TCNS Clothing Co. Limited	11,251.25	716	July 30, 2018	716.00	-9.29% [+3.70%]	-19.74% [-11.39%]	-1.00%[-4.76%]
8.	Varroc Engineering Limited	19,549.61	967	July 6, 2018	1,015.00	+1.62% [+5.46%]	-7.29% [+0.79%]	-24.01% [+1.28%]
9.	IndoStar Capital Finance Limited	18,440.00	572	May 21, 2018	600.00	-0.96% [+1.84%]	-16.28% [+9.07%]	-39.97 [+1.57%]
10.	Lemon Tree Hotels Limited	10,386.85	56	Apr 9, 2018	61.60	+30.18% [+3.26%]	+29.91% [+3.79%]	+19.46% [-0.61%]

Source: www.nseindia.com

Notes:

1. *In SBI Cards and Payment Services Limited, the issue price to eligible employees was ₹ 680 after a discount of ₹ 75 per equity share*
2. *In Ujjivan Small Finance Bank Limited, the issue price to eligible shareholders of Ujjivan Financial Services Limited was ₹ 35 per equity share*
3. *In Polycab India Limited, the issue price to employees was ₹ 485 after a discount of ₹ 53 per equity share.*
4. *In Varroc Engineering Limited, the issue price to employees was ₹ 919 after a discount of ₹ 48 per equity share.*
5. *In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.*
6. *The 30th, 90th, 180th calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days.*
7. *Nifty is considered as the benchmark index.*
8. *Restricted to last 10 equity public issues.*

2. *Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Kotak Mahindra Capital Company Limited*

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50 %	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2020-21	Nil	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-20	4	136,362.82	-	1	-	-	1	2	-	-	1	-	1	1
2018-19	6	98,942.90	-	-	3	1	1	1	-	1	3	-	-	2

Notes:

1. *The information is as on the date of this Prospectus.*
2. *The information for each of the financial years is based on issues listed during such financial year.*

SBI Capital Markets Limited

1. Price information of past issues handled by SBI Capital Markets Limited:

Sr. No.	Issue Name	Issue Size (₹ Mn.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	SBI Cards & Payment Services Ltd.[1]	1,03,407.88	755.00	March 16, 2020	661.00	-33.05% [-2.21%]	-21.79% [8.43%]	-
2	Indian Railway Catering and Tourism Corporation Ltd [2]	6,379.60	320.00	October 14, 2019	626.00	191.53% [5.05%]	186.64% [8.07%]	291.84% [-19.66%]
3	Sterling and Wilson Solar Limited	28,496.38	780.00	August 20, 2019	706.00	-21.88% [-1.60%]	-48.63% [7.97%]	-64.78% [9.95%]
4	Ircon International Limited [3]	4,667.03	475.00	September 28, 2018	412.00	-27.04% [8.24%]	-6.60% [-1.84%]	-15.71% [5.06%]
5	RITES Limited [4]	4,604.40	185.00	July 02, 2018	190.00	34.97% [+6.56%]	33.03% [+2.56%]	49.70% [+1.90%]
6	ICICI Securities Ltd	35,148.49	520.00	April 04, 2018	435.00	-27.93% [+5.44%]	-37.26% [+5.22%]	-44.39% [+7.92%]
7	Mishra Dhatu Nigam Limited [5]	4,328.96	90.00	April 04, 2018	87.00	67.89% [+5.44]	40.44% [+5.22%]	29.50% [+7.92%]

Source: www.nseindia.com

Notes:

** The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*

** The Nifty 50 index is considered as the Benchmark Index*

(1) Price for eligible employees was Rs. 680.00 per equity share

(2) Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 310.00 per equity share

(3) Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 465.00 per equity share

(4) Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 179.00 per equity share

(5) Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 87.00 per equity share

2. Summary statement of disclosure Price information of past issues during current financial year and two financial years preceding the current financial year handled by SBI Capital Markets Limited:

Financial Year*	Total no. of IPOs #	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2020-21	0	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-20	3	138,283.86	-	1	1	1	-	-	1	-	-	1	-	-
2018-	4	48,748.88	-	1	1	1	1	-	-	1	-	-	2	1

Financial Year*	Total no. of IPOs #	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
19														

** The information is as on the date of this Prospectus.*

 # Date of Listing for the issue is used to determine which financial year that particular issue falls into

Axis Capital Limited

1. *Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Axis Capital Limited*

Sr. No.	Issue name	Issue size (₹ millions)	ssue price(₹	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	SBI Cards and Payment Services Limited	103,407.88	755.00@	16-Mar-20	661.00	-33.05%, [-2.23%]	-21.79%, [+8.41%]	-
2	CSB Bank Limited	4,096.77	195.00	04-Dec-19	275.00	+8.36%, [+2.03%]	-12.18%, [-7.51%]	-36.95%, [-20.41%]
3	Sterling And Wilson Solar Limited	28,809.42	780.00	20-Aug-19	706.00	-21.88%, [-1.60%]	-48.63%, [+7.97%]	-64.78%, [+9.95%]
4	Spandana Sphoorty Financial Limited	12,009.36	856.00	19-Aug-19	825.00	-0.56%, [-2.14%]	+52.76%, [+7.61%]	+17.32%, [+9.59%]
5	Polycab India Limited	13,452.60	538.00^	16-Apr-19	633.00	+15.36%, [-5.35%]	+14.70%, [-1.99%]	+23.76%, [-4.09%]
6	Chalet Hotels Limited	16,411.80	280.00	07-Feb-19	294.00	+1.14%, [-0.31%]	+24.41%, [+3.87%]	+10.77%, [-1.87%]
7	Ircon International Limited	4,667.03	475.00*	28-Sep-18	412.00	-27.04%, [-8.24%]	-6.60%, [-1.84%]	-15.71%, [+5.06%]
8	HDFC Asset Management Company Limited	28,003.31	1,100.00	06-Aug-18	1,726.25	+57.43%, [+1.17%]	+30.61%, [-7.32%]	+23.78%,[-4.33%]
9	Sandhar Technologies Limited	5,124.80	332.00	02-Apr-18	346.10	+18.09%, [+5.17%]	+15.95%,[+4.92%]	-4.20%, [+7.04%]

Source: www.nseindia.com
@ Offer Price was ₹ 680.00 per equity share to Eligible Employees
** Offer Price was ₹465.00 per equity share to Retail Individual Bidders and Eligible Employees*
^Offer Price was ₹ 485.00 per equity share to Eligible Employees

Notes:
a. *Issue Size derived from Prospectus/final post issue reports, as available.*
b. *The CNX NIFTY is considered as the Benchmark Index.*
c. *Price on NSE is considered for all of the above calculations.*
d. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.*
e. *Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.*

2. *Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Axis Capital Limited*

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2020-2021*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-2020	5	161,776.03	-	1	2	-	-	2	1	1	-	-	-	2
2018-2019	4	54,206.94	-	1	-	1	-	2	-	-	2	-	-	2

** The information is as on the date of the document*
The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

Citigroup Global Markets India Private Limited

1. *Price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by Citigroup Global Markets India Private Limited*

Sr. No.	Issuer Name	Issue size (in ₹ Mn)	Issue price (₹)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Polycab India Limited	13,452.60	538.00	April 16, 2019	633.00	+15.36% [(-)5.35%]	+14.70% [(-)1.99%]	+23.76% [(-)4.09%]
2.	Aavas Financiers Limited	16,403.17	821.00	October 8, 2018	750.00	(-)19.32% [+1.76]	+2.42% [+3.67%]	+38.82% [+12.74%]
3.	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+58.04% [+1.17%]	+30.61% [(-)7.32%]	+23.78% [(-)4.33%]
4.	TCNS Clothing Co. Limited	11,251.25	716.00	July 30, 2018	716.00	(-)9.29% [+3.70%]	(-)19.74% [(-)11.39%]	(-)1.00% [(-)4.76%]
5.	Varroc Engineering Limited	19,549.61	967.00	July 6, 2018	1,015.00	+1.62% [+5.46%]	(-)7.29% [+0.79%]	(-)24.01% [+1.27%]
6.	ICICI Securities Limited	35,148.49	520.00	April 4, 2018	435.00	(-)27.93% [+5.44%]	-37.26% [+5.22%]	(-)44.39% [+7.92%]

Source: www.nseindia.com
Notes:

1. *Nifty is considered as the benchmark index.*
2. *% of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs Issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.*
3. *30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case closing price on the NSE of a trading day immediately prior to the 30th/ 90th/180th day, is considered.*

2. *Summary statement of price information of past issues (during the current financial year and two financial years preceding the current financial year) handled by Citigroup Global Markets India Private Limited*

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2020-21	0	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-20	1	13,452.60	-	-	-	-	-	1	-	-	-	-	-	1
2018-19	5	110,355.83	-	1	2	1	-	1	-	1	2	-	1	1

DSP Merrill Lynch Limited

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by DSP Merrill Lynch Limited*

Sr. No.	Offer Name	Offer Size (₹ in mm)	Offer Price (₹)	Listing Date	Opening Price on Listing Date (₹)(2)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing (3) (4) (5)	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing (3) (4) (6)	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing (3) (4) (7)
1	SBI Cards and Payment Services Limited	103,407.8	755.00	16-March-20	661.00	-33.16% [-2.96%]	-21.52% [6.70%]	-
2	HDFC Asset Management Company Limited	28,003.31	1,100.00	6-Aug-18	1,726.25	+58.04% [+1.17%]	+29.60% [-7.58%]	+23.78% [-4.33%]
3	ICICI Securities Limited(8)	34,801.16	520.00	4-Apr-18	435.00	-27.93% [+5.44%]	-37.26% [+5.22%]	-46.17% [+8.69%]

Source: www.nseindia.com; for price information and prospectus/ basis of allotment for issue details

Notes:

1. *Equity public issues in last 3 financial years considered.*
2. *Opening price information as disclosed on the website of NSE.*
3. *Benchmark index is CNX Nifty.*
4. *In case 30th day, 90th day or 180th day is not a trading day, closing price on NSE of next trading day is considered.*
5. *30th listing day has been taken as listing date plus 29 calendar days.*
6. *90th listing day has been taken as listing date plus 89 calendar days.*
7. *180th listing day has been taken as listing date plus 179 calendar days.*
8. *Calculated offer size based on final allotment after technical rejections which is 66,925,305 Equity Shares.*

2. *Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by DSP Merrill Lynch Limited*

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2020-21*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-20	1	103,407.80	-	**1**	-	-	-	-	-	-	-	-	-	-
2018-19	2	62,804.47	-	1	-	1	-	-	-	1	-	-	-	1

Notes:

1. *The information is as on the date of this Prospectus.*
2. *Based on the day of listing*

HSBC Securities and Capital Markets (India) Private Limited

Price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by HSBC Securities and Capital Markets (India) Private Limited

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1	SBI Cards and Payment Services	103,407.88	755.00	16-Mar-20	661.00	-33.16%, [-2.96%]	-21.52%, [6.70%]	-

Source: www.nseindia.com

Notes:

a. Price on NSE is considered in all of the above calculations

b. NIFTY was considered as the Benchmark Index in all of the above cases

c. In case 30th/90th/180th calendar day from listing is not a trading day, closing price on NSE of the next trading day has been considered

Summary statement of price information of past issues (during the current Fiscal and two Fiscals preceding the current Fiscal) handled by HSBC Securities and Capital Markets (India) Private Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2019-20	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-20	1	103,407.88	-	1	-	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

a. Price on NSE is considered in all of the above calculations

b. In case 30th/90th/180th calendar day from listing is not a trading day, closing price on NSE of the next trading day has been considered

ICICI Securities Limited

The price information of past issues handled by ICICI Securities is as follows:

TABLE 1

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Galaxy Surfactants Limited	9,370.90	1,480.00	8-Feb-18	1,525.00	+1.14%, [-3.31%]	-0.85%[+1.33%]	-14.68%,[+7.66%]
2	Aster DM Healthcare Limited	9,801.40	190.00	26-Feb-18	183.00	-13.66%,[-3.77%]	-4.97%,[+0.21%]	-8.16%,[+9.21%]
3	Sandhar Technologies Limited	5,124.80	332.00	02-Apr-18	346.10	+18.09%[+5.17%]	+15.95%,[+4.92%]	-4.20%,[+7.04%]
4	HDFC Asset Management Company Limited	28,003.31	1,100.00	06-Aug-18	1,726.25	+58.04%,[+1.17%]	+30.61%,[-7.32%]	+23.78%,[-4.33%]
5	Creditaccess Grameen Limited	11,311.88	422.00	23-Aug-18	390.00	-21.16%,[-3.80%]	-14.91%,[-8.00%]	-5.71%,[-8.13%]
6	Aavas Financiers Ltd	16,403.17	821.00	08-Oct-18	750.00	-19.32%,[+1.76%]	+2.42%,[+3.67%]	+38.82%,[+12.74%]
7	IndiaMart InterMesh Ltd	4,755.89	973.00(1)	04-Jul-19	1,180.00	+26.36%,[-7.95%]	+83.82%,[-4.91%]	+65.57%,[+2.59%]

8	Affle (India) Limited	4,590.00	745.00	08-Aug-19	926.00	+12.56%,[-0.78%]	+86.32%,[+8.02%]	+135.49%,[+6.12%]
9	Spandana Sphoorty Financial Limited	12,009.36	856.00	19-Aug-19	824.00	-0.56%,[-2.14%]	+52.76%,[+7.61%]	+17.32%,[+9.59%]
10	Sterling and Wilson Solar Limited	28,496.38	780.00	20-Aug-19	706.00	-21.88%,[-1.60%]	-48.63%,[+7.97%]	-64.78%,[+9.95%]

**Data not available*

(1) Discount of Rs. 97 per equity share offered to Eligible Employees. All calculations are based on Issue Price of Rs. 973.00 per equity share.

Notes:

1. All data sourced from www.nseindia.com
2. Benchmark index considered is NIFTY
3. 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day

TABLE 2: SUMMARY STATEMENT OF DISCLOSURE

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2020-21*	-	-	-	-	-	-	-	--	-	-	-	-	-	-
2019-20	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1
2018-19	4	60,843.16	-	-	2	1	-	1	-	-	2	-	1	1

* This data covers issues upto YTD

YES Securities (India) Limited

1. Price information of past issues handled by YES Securities:

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Indian Railway Catering and Tourism Corporation Limited	6,379.72	320.00	October 14, 2019	626.00	+191.53% [+5.05%]	+186.64% [+8.07%]	+291.84% [-19.66%]
2	Sterling and Wilson Solar Limited	28,496.38	780.00	August 20, 2019	706.00	-21.88% [-1.60%]	-48.63% [+7.97%]	-64.78% [+9.95%]
3	Spandana Sphoorty Financial Limited	11,898.49	856.00	August 19, 2019	825.00	-0.56% [-2.14%]	+52.76% [+7.61%]	+17.32% [+9.59%]
4	Polycab India Limited	13,452.60	538.00	April 16, 2019	633.00	+15.36% [-5.35%]	+14.70% [-1.99%]	+23.76% [-4.09%]
5	Rail Vikas Nigam Limited	4,768.61	19.00	April 11, 2019	19.00	+19.47% [-2.74%]	+40.26% [-0.35%]	+20.53% [-4.06%]
6	Garden Reach Shipbuilders and Engineers Limited	3,435.89	118.00	October 10, 2018	102.50	-23.39% [+1.32%]	-19.11%; [+2.98%]	-16.74% [+11.53%]
7	Lemon Tree Hotels Limited	10,386.85	56.00	April 9, 2018	61.60	+30.18%; [+3.26%]	+29.91%; [+3.79%]	+19.46%; [-0.61%]

Notes:

1. *Benchmark Index taken as CNX NIFTY*
2. *Price on NSE is considered for the above calculations*
3. *% change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index on the day of the listing date.*

4. *If either of the 30th, 90th or 180th calendar day is a trading holiday, the previous trading day has been considered for the computation.*

2. Summary statement of price information of past issues handled by YES Securities:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2020-2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019-2020	5	64,995.80	-	-	2	1	-	2	1	-	-	1	-	3
2018-2019	2	13,822.74	-	-	1	-	1	-	-	-	1	-	-	1

Notes:

Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date.

The information for the financial year is based on issue listed during such financial year.

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs, www.investmentbank.kotak.com, http://www.axiscapital.co.in, www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm, https://ml-india.com, www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback and www.sbicaps.com, www.icicisecurities.com and www.yesinvest.in.

Stock market data of Equity Shares

For details see '*Stock Market Data for Equity Shares of our Bank*' on page 476.

Redressal of investor grievances

Bidders can contact the Company Secretary and Compliance Officer and/or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of Allotment Advice, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, UPI ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder. Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Bank, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode. The agreement between the Registrar to the Offer and our Bank provides for retention of records with the Registrar to the Offer for a period of at least eight years from the last date of dispatch of the letters of allotment and demat credit to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Our Bank is registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES. Consequently, investor grievances are tracked online by our Bank.

Our Bank has also constituted a Stakeholder's Relationship and Customer Service Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For details, see "*Our Management -Stakeholders' Relationship and Customer Service Committee*" beginning on page 256.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, name and address of the relevant Designated Intermediary, unique transaction reference number, the name of the relevant bank, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

All grievances relating to Bids submitted with Registered Brokers may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer. Further, Bidders shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediaries in addition to the information mentioned hereinabove.

Our Bank has appointed Shivanand Shettigar, as the Company Secretary and Compliance Officer. For further details, see "*General Information – Company Secretary and Compliance Officer*" beginning on page 82.

Disposal of investor grievances by our Bank and Group Company

Our Bank does not have any listed subsidiary. Further, our Bank estimates that the average time required by our Bank or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 30 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Bank will seek to redress these complaints as expeditiously as possible. Our Bank has received 4,863 investor complaints and disposed-off 4,892 investor complaints during the preceding three years. As on the date of filing of this Prospectus, 3 investor complaints in relation to our Bank are pending and as on March 31, 2020, 1 investor complaint / grievance is pending against our Group Company.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being Allotted pursuant to this Offer are subject to the provisions of the Banking Regulation Act, the Companies Act, the SCRA, SCRR, SEBI ICDR Regulations, the SEBI Listing Regulations, our Memorandum and Articles of Association, the terms of the Red Herring Prospectus, this Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, CAN or the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents or certificates that may be executed in respect of this Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities offered from time to time by the SEBI, the GoI, the Stock Exchanges, the RoC, the RBI, and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by such governmental, regulatory or statutory authority while granting its approval for the Offer.

The Offer

The Offer is by way of a fresh issue of Equity Shares by our Bank.

Offer expenses

The expenses of the Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal expenses, statutory advertisement, expenses, registrar and depository fees and listing fees. The Offer – related expenses shall be borne by our Bank. For details, see "*Objects of the Offer*" beginning on page 119.

Ranking of the Equity Shares

The Equity Shares being Allotted in the Offer shall be subject to the provisions of the Banking Regulation Act, the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of voting, right to receive dividend and other corporate benefits if any, declared by our Bank after the date of Allotment. For details, see "*Main Provisions of the Articles of Association*" beginning on page 539.

Mode of Payment of Dividend

Our Bank shall pay dividends, if declared, to our Shareholders as per the provisions of the Companies Act, 2013, our Memorandum and Articles, the Banking Regulation Act, the SEBI Listing Regulations and other applicable law. All dividends, if any, declared by our Bank after the date of Allotment, will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable law. For details in relation to dividends, see *"Dividend Policy"* and *"Main Provisions of the Articles of Association"* beginning on pages 263 and 539, respectively of this Prospectus.

Face Value, Offer Price and Price Band

The face value of the Equity Shares is ₹ 2. The Floor Price of Equity Shares is ₹ 12 per Equity Share and the Cap Price is ₹ 13 per Equity Share. The Anchor Investor Offer Price is ₹ 12 per Equity Share. The Price Band, and minimum Bid Lot for the Offer was decided by our Bank, in consultation with BRLMs, and advertised in all editions of Financial Express, all editions of Jansatta and Maharashtra edition of Tarun Bharat (which are English, Hindi and Marathi newspapers, respectively, Marathi being the regional language of Maharashtra wherein our Registered and Corporate Office is located), each with wide circulation, respectively, at least one Working Day prior to the Bid/ Offer Opening Date and was made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, was pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges. The Offer Price was determined by our Bank in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of the Book Building Process.

Additionally, Bidders may be guided in the meantime by the secondary market prices.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with disclosure and accounting norms

Our Bank shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, the Shareholders of our Bank shall have the following rights:

- The right to receive dividend, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy or 'e-voting';
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer the Equity Shares, subject to the Banking Regulation Act, foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under applicable law, including the Companies Act, 2013, the Banking Regulation Act, the terms of the SEBI Listing Regulations, and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see "*Main Provisions of the Articles of Association*" beginning on page 539.

Employee Discount

Employee Discount of ₹1 per Equity Share was offered to Eligible Employees Bidding in the Employee Reservation Portion respectively. Eligible Employees Bidding in the Employee Reservation Portion respectively at the Cut-Off Price had to ensure payment at the Cap Price, less Employee Discount, as applicable, at the time of making a Bid.

Allotment of Equity Shares in dematerialised form

Pursuant to the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares offered through the Red Herring Prospectus can be applied for in the dematerialised form only. Further, our Bank has entered into tripartite agreements with the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated June 9, 2004 among NSDL, Registrar to the Offer and our Bank.
- Tripartitie agreement dated March 17, 2005 among CDSL, Registrar to the Offer and our Bank.

Market Lot and Trading Lot

Further, the trading of our Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment of Equity Shares will be only in electronic form in multiples of one Equity Share, subject to a minimum Allotment of 1,000 Equity Shares.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Period of operation of subscription list

See "*Offer Structure – Bid/Offer Programme*" beginning on page 518.

Nomination facility to Bidders

In accordance with the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer or alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation or variation. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered and Corporate Office or with the registrar and transfer agents of our Bank.

Any person who becomes a nominee by virtue of the Companies Act, 2013 as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there is no requirement for a separate nomination with our Bank. Nominations registered with the respective Depository Participant of the applicant will prevail. If Bidders wish to change their nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If our Bank does not receive minimum subscription of 90% of the Offer, including through devolvement of Underwriters, if applicable, within 60 days from the date of Bid/Offer Closing Date on the date of closure of the Offer or withdrawal of applications,; or after technical rejections; or if the listing or trading permission is not obtained from either of the Stock Exchanges for the Equity Shares so offered by way of the Offer, our Bank shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days, our Bank and our Directors, who are officers in default, shall pay interest at the rate of fifteen per cent per annum.

Under-subscription, if any, in any category except the QIB portion, would be met with spill-over from the other categories at the discretion of our Bank, in consultation with the BRLMs and the Designated Stock Exchange.

Further, in accordance with the SEBI ICDR Regulations, our Bank shall ensure that it shall not Allot Equity Shares pursuant to the Offer if the number of prospective Allottees is less than 1,000.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are made.

Restriction, if any, on transfer and transmission of Equity Shares

Except for the lock-in of Equity Shares imposed pursuant to the Reconstruction Scheme, Allotments made to Anchor Investors pursuant to the Offer, as detailed in "*Capital Structure*" beginning on page 92, in the Banking Regulation Act and rules and regulations made thereunder and our Articles, there are no restrictions on transfers and transmission of Equity Shares or on their consolidation or splitting. For details, see, "*History and Certain*

Corporate Matters – Salient features of the Reconstruction Scheme" and "*Main Provisions of the Articles of Association*" beginning on pages 233 and 539.

In accordance with Section 12B of the Banking Regulation Act read with the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015 dated November 19, 2015, no person (along with his relatives, associate enterprises or persons acting in concert with such person) can directly or indirectly acquire or hold more than certain applicable limits of the total paid-up share capital of our Bank, or be directly or indirectly entitled to exercise more than certain applicable limits of the total voting rights of our Bank, without prior approval of the RBI. For details, see *"Key Regulations and Policies in India"* and "*Offer Procedure"* beginning on pages 214 and 520, respectively.

Withdrawal of the Offer

Our Bank, in consultation with the BRLMs, reserves the right not to proceed with the Offer for any reason at any time after the Bid/Offer Opening Date but before the Allotment. In such an event, our Bank will issue a public notice in the same newspapers, in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date, providing reasons for not proceeding with the Offer. Further, the Stock Exchanges shall be informed promptly in this regard by our Bank. Upon receipt of instructions from our Bank and the BRLMs, the Registrar to the Offer shall notify the SCSBs and the Sponsor Bank to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. In the event of withdrawal of the Offer, and if the Bank subsequently undertakes an FPO, a fresh red herring prospectus will be submitted, subject to the provisions of the SEBI ICDR Regulations.

Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Bank shall apply for after Allotment and within six Working Days from the listing and trading of the Equity Shares or such other period as may be prescribed.

In case of any discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

OFFER STRUCTURE

The further public offering of 12,515,151,513* Equity Shares of face value of ₹ 2 each for cash at a price of ₹ 12 per Equity Share (including share premium of ₹ 10 per Equity Share) aggregating to ₹ 150,000 million by way of a fresh issue of Equity Shares. The Offer includes a reservation of up to 181,818,181* Equity Shares aggregating to ₹ 2,000 million, for subscription by Eligible Employees. The Offer and Net Offer constitute 49.93% and 49.20 % of the post-Offer paid-up equity share capital of our Bank.
**Subject to finalisation of Basis of Allotment*

The Offer was made through the Book Building Process.

Particulars	**QIBs#**	**Non-Institutional Bidders**	**Retail Individual Bidders**	**Eligible Employees**
Number of Equity Shares available for Allotment / Allocation*(1)	Not more than 6,166,666,665 Equity Shares or the Net Offer less allocation to Retail Individual Bidders and Non-Institutional Bidders.	Not less than 1,850,000,000 Equity Shares or Net Offer less allocation to QIB Bidders and Retail Individual Bidders were available for allocation.	Not less than 4,316,666,667 Equity Shares or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders were available for allocation.	Up to 181,818,181 Equity Shares.
Percentage of Offer available for allocation	Not more than 50% of the Net Offer was available for allocation to QIB Bidders. However, up to 5% of the Net QIB Portion was allocated proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the Net QIB Portion were eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation would be available for allocation to QIBs (other than Anchor Investor Portion).	Not less than 15% of the Net Offer or the Net Offer less allocation to QIBs and Retail Individual Bidders made available for allocation.	Not less than 35% of the of the Net Offer or Net Offer less allocation to QIBs and Non- Institutional Bidders made available for allocation.	The Employee Reservation Portion shall constitute 0.007% of the post-Offer paid-up Equity Share capital of our Bank.
Basis of Allotment/ allocation if respective category is oversubscribed*$	Proportionate as follows (excluding the Anchor Investor Portion): (a) 137,564,103 Equity Shares were available	Proportionate.	Proportionate, subject to minimum Bid Lot.	Proportionate*.

Particulars	QIBs#	Non-Institutional Bidders	Retail Individual Bidders	Eligible Employees
	for allocation on a proportionate basis to Mutual Funds; and (b) 2,613,717,948 Equity Shares may be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.			
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of 1,000 Equity Shares thereafter.	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000 and in multiples of 1,000 Equity Shares thereafter.	1,000 Equity Shares and in multiples thereof.	1,000 Equity Shares and in multiples of 1,000 Equity Shares thereafter.
Maximum Bid	Such number of Equity Shares, not exceeding the size of the Offer, subject to applicable limits.	Such number of Equity Shares in multiples of 1,000 Equity Shares not exceeding the size of the Offer (excluding QIB Portion), subject to applicable limits.	Such number of Equity Shares in multiples of 1,000 whereby the Bid Amount does not exceed ₹ 200,000.	Such number of Equity Shares and in multiples of 1,000 Equity Shares so that the maximum Bid Amount by each Eligible Employee in this portion does not exceed ₹ 500,000 (net of Employee Discount)*.
Mode of Allotment	Compulsorily in dematerialised form.			
Bid Lot	1,000 Equity Shares and in multiples thereof			
Allotment Lot	A minimum of 1,000 Equity Shares and in multiples of one Equity Share thereafter. For Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion, 1,000 Equity Shares and in multiples of one Equity Share thereafter, subject to availability in the Retail Portion and the Employee Reservation Portion.			
Trading Lot	One Equity Share			
Who can Apply(2)	Mutual Funds, Venture Capital Funds, AIFs, FVCIs, FPIs (other than individuals, corporate bodies and family offices) public financial institution as defined in Section 2(72) of the Companies Act,	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts and FPIs that are individuals, corporate bodies	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs.	Eligible Employees

Particulars	QIBs[#]	Non-Institutional Bidders	Retail Individual Bidders	Eligible Employees
	2013, a scheduled commercial bank, multilateral and bilateral development financial institution, state industrial development corporation, insurance company registered with the Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and NBFC-SI.	and family offices.		
Terms of Payment[(3)]	**In case of all other Bidders**: Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder, or by the Sponsor Bank through the UPI mechanism (only for RIBs), that is specified in the ASBA Form at the time of submission of the ASBA Form **In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids			
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).			

[#]Our Bank, in consultation with the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

** Assuming full subscription in the Offer.*

(1) Subject to valid Bids being received at or above this Offer Price. This Offer is being made in accordance with the Regulation 129(1) SEBI ICDR Regulations. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion, Employee Reservation Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Bank, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, please see "Terms of the Offer" on page 511.

(2)In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.

(3)Provided that any difference between the price at which Equity Shares are allocated to the Anchor Investors and the Anchor Investor

Offer Price, shall be payable by the Anchor Investor Pay - in Date as mentioned in the CAN.

**Allotment to an Eligible Employee in the Employee Reservation Portion may not exceed ₹ 200,000 in value (net of Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion, post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 in value (net of Employee Discount).*
[$]Subject to finalisation of Basis of Allotment

Bidders will be required to confirm and will be deemed to have represented to our Bank, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Subject to valid Bids being received at or above the Offer Price, undersubscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories or a combination of categories at the discretion of our Bank, in consultation with the BRLMs and the Designated Stock Exchange.

Bid/Offer Programme

BID/ OFFER OPENED ON*	**JULY 15, 2020**
BID/ OFFER CLOSED ON	**JULY 17, 2020**

**Our Bank in consultation with the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. Anchor Investors Bid on the Anchor Investor Bidding Date.*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about July 22, 2020
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account	On or about July 23, 2020
Credit of the Equity Shares to depository accounts of Allottees	On or about July 24, 2020
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about July 27, 2020

The above timetable is indicative and does not constitute any obligation on our Bank or the BRLMs. While our Bank shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date or such period as may be prescribed, the timetable may change due to various factors such as delays in receiving the final listing and trading approval from each of the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

Submission of Bids (other than Bids from Anchor Investors)

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids were accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("**IST**")) during the Bid/Offer Period (except on the Bid/Offer Closing Date) at the Bidding Centres as mentioned on the Bid cum Application Form except that:

(i) on the QIB Bid/Offer Closing Date, in case of Bids by QIBs under the Net QIB Portion, the Bids and the revisions in Bids were accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. (IST);

(ii) on the Bid/Offer Closing Date:
   (a) in case of Bids by Non-Institutional Bidders, the Bids and the revisions in Bids were accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 4.00 p.m. (IST); and
   (b) in case of Bids by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion the Bids and the revisions in Bids were accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. (IST), which were extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by BRLMs to the Stock Exchanges.

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system or in respect of which full Bid Amount is not blocked by SCSBs or the Sponsor Bank, as the case may be, will be rejected.

Due to limitation of the time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders were advised to submit their Bids one day prior to the Bid/Offer Closing Date. Bidders were cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded on the electronic bidding system were not considered for allocation under this Offer. Bids were only accepted on Working Days. Investors may please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids were accepted only during Monday to Friday and were not accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders were uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges. Neither our Bank nor any member of the Syndicate is liable for any failure in uploading or downloading the Bids due to faults in any software / hardware system or otherwise.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

Additionally, Bidders were guided in the meantime by the secondary market prices.

OFFER PROCEDURE

All Bidders should review the General Information Document, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer. The Bidders should note that the details and process provided in the General Information Document should be read along with this section.

*SEBI had, by way of its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI had, by way of its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, clarified that with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**").*

*Subsequently, by way of its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI extended the timeline for applicability of UPI Phase II till March 31, 2020, which has, pursuant to circular no. SEBI/HO/CFD/DIL2/CIR/P/2 dated March 30, 2020, been extended until further notice. Subsequently, the final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs ("**UPI Phase III**"), as may be prescribed by SEBI. Accordingly, the procedure set forth below is in accordance with UPI Phase II*

Our Bank and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.

Further, our Bank and the Syndicate are not liable for any adverse occurrence consequent to the implementation of the UPI Mechanism for application in this Offer.

Book Building Procedure

The Offer was made through the Book Building Process, in accordance with Regulation 129(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer was allocated to QIBs on a proportionate basis, provided that our Bank, in consultation with the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. RIIs and NIIs were not eligible for subscription to the unsubscribed Net QIB portion, if any. Further, such number of Equity Shares representing 5% of the Net QIB Portion was allocated on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion was available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. If not more than 50% of the Net Offer cannot be Allotted to QIBs, the Bid Amounts received by our Bank shall be refunded. Further, not less than 15% of the Net Offer was available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price.

Under-subscription, if any, in any category, except the QIB Category, would be allowed to be met with spill-over from any other category or categories, as applicable, at the discretion of our Bank in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws.

The Offer includes a reservation of up to 181,818,181* Equity Shares, aggregating up to ₹2,000 million, for subscription by Eligible Employees constituting 0.007% of our post-Offer paid-up Equity Share capital. Eligible Employees applying in the Employee Reservation Portion could apply at the Cut-Off Price and the Bid amount was Cap Price net of Employee Discount, multiplied by the number of Equity Shares Bid for by such Eligible Employee and mentioned in the Bid cum Application Form. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee did not exceed ₹500,000 on a net basis (net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion would not exceed ₹200,000 (net of Employee Discount) in value. Only in the event of an under-subscription in the Employee Reservation Portion post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000 (net of Employee Discount), subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 in value (net of Employee Discount).
**Subject to finalisation of basis of allotment*

Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer and be subject to applicable laws. In case of under-subscription in the Net Offer (other than the QIB Category), spill over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion subject to compliance with the applicable laws.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN and UPI ID (for RIBs bidding using the UPI Mechanism), were treated as incomplete and were rejected. Bidders did not have the option of being Allotted Equity Shares in physical form.

In accordance with Section 12B of the Banking Regulation Act, read with the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, as amended dated November 19, 2015, no person, either by himself or acting in concert with any other person can acquire, directly or indirectly, or hold more than certain applicable limits of the total paid-up share capital of our Bank, or be entitled, directly or indirectly, to exercise more than certain applicable limits of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, in case of Bids for such number of Equity Shares, as may result in the shareholding of a Bidder (along with his relatives, associate enterprises or persons acting in concert with such person), whether direct or indirect, beneficial or otherwise, aggregating to more than certain applicable limits of the total paid-up share capital of our Bank, such Bidder is required to submit the approval obtained from the RBI with the Registrar, at least two Working Days prior to the finalisation of the Basis of Allotment. In case of failure by such Bidder to submit the approval obtained from the RBI within the above time period, our Bank may Allot maximum number of Equity Shares, as adjusted for the Bid Lot (and in case of oversubscription in the Offer, after making applicable proportionate allocation for the Equity Shares Bid for), that will limit the aggregate shareholding of the Bidder (along with his relatives, associate enterprises or persons acting in concert with such person and including existing shareholding, if any) to less than certain applicable limits of the post-Offer paid-up share capital of our Bank. For further details, see "*Key Regulations and Policies in India*" beginning on page 214.

A clear legible copy of the approval obtained from the RBI, together with the application submitted by such Bidder with the RBI for obtaining such approval, must be submitted by the relevant Bidder along with a copy of the Bid cum Application Form, with the Registrar at any time prior to the date falling two Working Days before the date for finalisation of the Basis of Allotment as stated above. The approval obtained from the RBI should clearly mention the name(s) of the entities which propose to Bid in the Offer, the aggregate shareholding of the Bidder in the pre-Offer paid-up share capital of our Bank and the maximum permitted holding of Equity Shares by such Bidder, in accordance with the above requirements.

Phased implementation of UPI for Bids by Retail Individual Bidders as per the UPI Circular

SEBI has issued a circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular bearing no. SEBI/HO/CFD/DIL2/CIR/P/2 dated March 30, 2020 (collectively the "**UPI Circular**") in relation to streamlining the process of public issue of equity shares and convertibles. Pursuant to the UPI Circular, UPI is to be introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by RIBs through intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI Mechanism, the UPI Circular proposes to introduce and implement the UPI Mechanism in three phases in the following manner:

a) **Phase I:** This phase was applicable from January 1, 2019 till June 30, 2019. Under this phase, a Retail Individual Bidder had the option to submit the Bid cum Application Form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing would continue to be six Working Days.

b) **Phase II:** This phase has become applicable from July 1, 2019 and will continue until further notice. Under this phase, submission of the Bid cum Application Form by a Retail Individual Bidder through intermediaries to SCSBs for blocking of funds will be discontinued and will be replaced by the UPI Mechanism. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase.

c) **Phase III:** Subsequently, the time duration from public issue closure to listing would be reduced to be three Working Days.

All SCSBs offering facility of making application in public issues provided a facility to make application using the UPI Mechanism. The issuers are to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Bidders into the UPI Mechanism.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Bidders (other than Anchor Investors and RIBs bidding using the UPI Mechanism) must compulsorily use the ASBA process to participate in the Offer. Anchor Investors are not permitted to participate in this Offer through the ASBA process. The RIBs can additionally Bid through the UPI Mechanism.

Copies of the ASBA Forms and the abridged prospectus were available with the Designated Intermediaries at relevant Bidding Centres and at our Registered and Corporate Office. The ASBA Forms were available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) one day prior to the Bid/Offer Opening Date. Anchor Investor Application Forms were available at the offices of the BRLMs one day prior to the Anchor Investor Bidding Date.

Bidders (other than RIBs bidding using the UPI Mechanism and Anchor Investors) must provide bank account details and authorisation by the ASBA bank account holder to block funds in their respective ASBA Accounts in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such detail are liable to be rejected.

RIBs bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

Further, such Bidders (other than Anchor Investors) shall ensure that the Bids are submitted at the Bidding Centres only on Bid cum Application Forms bearing the stamp of a Designated Intermediary (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms not bearing such specified stamp may be liable for rejection. RIBs using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTA or Depository Participants. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid. The Sponsor Bank shall provide details of the UPI linked bank account of the Bidders to the Registrar to the Offer for purpose of reconciliation.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis^	White
Non-Residents including FPIs and Eligible NRIs, FVCIs and registered bilateral and multilateral development financial institutions applying on a repatriation basis^	Blue
Eligible Employees Bidding in the Employee Reservation Portion	Pink
Anchor Investors	White

** Excluding electronic Bid cum Application Forms.*

^Electronic Bid cum Application forms will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com).

In case of ASBA Forms, Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. Subsequently, except in case of RIBs Bidding using UPI Mechanism, Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application to the respective SCSB, where the Bidder has a bank account with ASBA facility, details of which were provided by the Bidder in his respective ASBA form and shall not submit it to any non-SCSB bank or any Escrow Bank. For RIBs Bidding using UPI Mechanism, the Stock Exchanges shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds.

Who can Bid?

In addition to the category of Bidders set forth in the General Information Document, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- FPIs eligible under the applicable law;
- Scientific and/or industrial research organisations in India, which are authorised to invest in equity shares; and
- Any other person eligible to Bid in this Offer, under the laws, rules, regulations, guidelines and polices applicable to them.

Participation by BRLMs, associates and affiliates of the BRLMs, the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, and such Bid subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither the BRLMs nor any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs (other than individuals, corporate bodies and family offices), sponsored by the entities which are associates of the BRLMs) shall apply in the Offer under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Bank reserves the right to reject any Bid without assigning any reason therefore.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made. In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. Further, the Banking Regulation Act requires any person to seek prior approval of the RBI to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by itself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by such person or associate enterprise or persons acting in concert with the concerned person) results in aggregate shareholding of such person to 5% or more of the paid up capital of a bank or entitles such person to exercise 5% or more of the voting rights in a bank. For details, see "*Key Regulations and Policies in India*" beginning on page 214.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs should be made in the individual name of the Karta. The Bidder/Applicant should specify that the Bid made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorise their SCSB to block their Non-Resident External ("**NRE**") accounts or Foreign Currency Non-Resident ("**FCNR**") Accounts, and Eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorise their SCSB to block their Non- Resident Ordinary ("**NRO**") accounts, for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents in White colour.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents in Blue colour.

Bids by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Offer Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Bank, on a fully diluted basis or 10% or more of the paid-up equity share capital of our Bank, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Bank and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Bank operates (*i.e.*, 100%). The aggregate limit of foreign investment, in our Bank, of 24% has been increased to 74%, by way of a resolution passed by our Board in its meeting held on April 22, 2015 followed by a special resolution passed by the Shareholders in the general meeting held on June 6, 2015.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Offer are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the operational guidelines for FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (such structure referred to as "**MIM Structure**"), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations, *inter-alia*, prescribe the respective investment restrictions on the FVCIs, VCFs and AIFs registered with SEBI. Accordingly, the holding by any individual VCF or FVCI registered with SEBI, in any company should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

Category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A VCF registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission. Neither our Bank nor the BRLMs will be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Bank reserves the right to reject any Bid without assigning any reason thereof.

Bids by Employees

A Bid by an Eligible Employee must be for a minimum of 1,000 Equity Shares and in multiples of one Equity Share thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 (net of Employee Discount). The Allotment in the Employee Reservation Portion will be on a proportionate basis. In the event of under subscription in the Employee Reservation Portion, such unsubscribed portion will be allocated to the Eligible Employees Bidding in the Employee Reservation Portion for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount). The Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

(i) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. Pink colour form);

(ii) The Bid must be for a minimum of 1,000 Equity Shares and in multiples of one Equity Share thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 (net of Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 in value (net of Employee Discount);

(iii) The Bidder should be an Eligible Employee. In case of joint bids, the first Bidder shall be an Eligible Employee;

(iv) Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion;

(v) Only those Bids, which are received at or above the Offer Price, would be considered for Allotment under this category;

(vi) Eligible Employees can apply at Cut-off Price;

(vii) Bid by Eligible Employees can be made also in the Net Offer and such Bids shall not be treated as multiple Bids;

(viii) If the aggregate demand in this category is less than or equal to 181,818,181 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand; and

Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer and be subject to compliance with the applicable laws. In case of under-subscription in the Net Offer (other than the QIB Category), spill over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion subject to compliance with the applicable laws.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Bank reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in another banking company as per the Banking Regulation Act, 1949, as amended ("**Banking Regulation Act**"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 (the "**Financial Services Directions**"), is 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to *inter alia* make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed under 5(b)(i) of the Financial Services Directions), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Financial Services Directions. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

In terms of the Master Circular on Basel III Capital Regulations dated July 1, 2014, as amended (i) a bank's investment in the capital instruments issued by banking, financial and insurance entities should not exceed 10% of its capital funds; (ii) banks should not acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's holding exceeds 5% of the investee bank's equity capital; (iii) equity investment by a bank in a subsidiary company, financial services company, financial institution, stock and other exchanges should not exceed 10% of the bank's paid-up share capital and reserves; (iv) equity investment by a bank in companies engaged in non-financial services activities would be subject to a limit of 10% of the investee company's paid up share capital or 10% of the bank's paid up share capital and reserves, whichever is less; and (v) a banking company is restricted from holding shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30% of the paid-up share capital of that company or 30% of its own paid-up share capital and reserves, whichever is less. For details in relation to the investment limits under Master Direction – Ownership in Private Sector Banks, Directions, 2016, see "*Key Regulations and Policies in India*" beginning on page 214.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by the SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by NBFC – SI

In case of Bids made by NBFC – SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid cum Application Form. Failing this, our Bank in consultation with the BRLMs, reserves the right to reject any Bid, without assigning any reason thereof. NBFC – SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Bank in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers is prescribed in the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 ("**IRDAI Investment Regulations**") are set forth below:

(i) equity shares of a company: the lower of 10%* of the investee company's outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer/investment assets in case of a general insurer or a reinsurer;

(ii) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or a reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(iii) the industry sector in which the investee company operates: not more than 15% of the respective fund of a life insurer or general insurance or 15% of the investment assets, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (i), (ii) or (iii) above, as the case may be.

The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.

Insurer companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time including the IRDAI Investment Regulations.

Bids under power of attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million, in each case, subject to applicable law and in accordance with their respective constitutional documents a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws as applicable must be lodged along with the Bid cum Application Form. Failing this, our Bank reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Bank in consultation with the BRLMs, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Bank, in consultation with the BRLMs, may deem fit, without assigning any reasons thereof.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below.

(i) Anchor Investor Application Forms were made available for the Anchor Investor Portion at the office of the BRLMs.

(ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.

(iii) One-third of the Anchor Investor Portion was reserved for allocation to domestic Mutual Funds.

(iv) Bidding for Anchor Investors opened one Working Day before the Bid/ Offer Opening Date, i.e., the Anchor Investor Bidding Date, and was completed on the same day.

(v) Our Bank in consultation with the BRLMs finalised allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion were not less than:

    (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;

    (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and
    (c) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum allotment of ₹ 50 million per Anchor Investor.

(vi) Allocation to Anchor Investors was completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation was made available in the public domain by the BRLMs before the Bid/ Offer Opening Date, through intimation to the Stock Exchange.

(vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(viii) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Allocation Price shall still be the Anchor Investor Office Price.

(ix) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.

(x) Neither the BRLMs nor any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of the BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, (other than individuals, corporate bodies and family offices), sponsored by the entities which are associates of the BRLMs) shall apply in the Offer under the Anchor Investor Portion. For details, see "- *Participation by BRLMs, associates and affiliates of the BRLMs, the Syndicate Members*" beginning on page 523.

(xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

(xii) For more information, see the General Information Document.

Payment into Escrow Account

Our Bank in consultation with the BRLMs has decided the list of Anchor Investors to whom the CAN has been sent, pursuant to which, the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors.

Anchor Investors are not permitted to Bid in the Offer through the ASBA process. The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

(i) In case of resident Anchor Investors: "Anchor Escrow Account YES BANK FPO Anchor Investor R"
(ii) In case of non-resident Anchor Investors: "Anchor Escrow Account YES BANK FPO Anchor Investor NR"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Bank, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Bank reserves the right to reject any Bid, without assigning any reason therefor.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in the Offer.

Information for Bidders

The relevant Designated Intermediary will enter each Bid option into the electronic Bidding system as a separate Bid and generate an acknowledgement slip ("**Acknowledgement Slip**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three Acknowledgement Slips for each Bid cum Application Form. It is the Bidder's responsibility to obtain the Acknowledgment Slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised Acknowledgment Slip from the relevant Designated

Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Bank and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus or this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

In the event of an upward revision in the Price Band, RIBs and Eligible Employees Bidding in the Employee Reservation Portion who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed ₹ 200,000 with respect to RIBs and ₹500,000 (net of Employee Discount) with respect to Eligible Employees Bidding in the Employee Reservation Portion if the Bidder wants to continue to Bid at Cut-off Price). The revised Bids must be submitted to the same Designated Intermediary to whom the original Bid was submitted. If the total amount (i.e. the original Bid Amount plus additional payment) exceeds ₹ 200,000 with respect to RIBs and ₹ 500,000 (net of Employee Discount) with respect to Eligible Employees Bidding in the Employee Reservation Portion, the Bid will be considered for allocation under the Non-Institutional Portion. If, however, the Retail Individual Bidder or the Eligible Employee Bidding in the Employee Reservation Portion, as the case may be, does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder or the Eligible Employee Bidding in the Employee Reservation Portion, as the case may be, and the Retail Individual Bidder or the Eligible Employee Bidding in the Employee Reservation Portion, as the case may be, is deemed to have approved such revised Bid at Cut-off Price.

In the event of a downward revision in the Price Band, Retail Individual Bidders or the Eligible Employee Bidding in the Employee Reservation Portion, as the case may be, who have bid at Cut-off Price may revise their Bid; otherwise, the excess amount paid at the time of Bidding would be unblocked after Allotment is finalised. Any revision of the Bid shall be accompanied by instructions to block the incremental amount, if any, to be paid on account of the upward revision of the Bid.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Bank will, after filing the Red Herring Prospectus with the RoC, published a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of Financial Express, all editions of Jansatta and Maharashtra edition of Tarun Bharat (which are English, Hindi and Marathi newspapers, respectively, Marathi being the regional language of Maharashtra where our Registered and Corporate Office is located). Our Bank in the pre-Offer advertisement stated the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, was in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Signing of Underwriting Agreement and filing of Prospectus with the RoC

Our Bank has entered into the First Underwriting Agreement dated July 7, 2020 with SBICAP and the Registrar to the Offer pursuant to which, SBICAP agreed to underwrite for such maximum amount, at a price equal to the lowest end of the Price Band, on the terms and conditions set out under the First Underwriting Agreement. For further details, please see "*General Information – Underwriting Agreements*" on page 89. Further, our Bank has entered into the Second Underwriting Agreement with the Underwriters for the Equity Shares for which valid Bids have been received, subject to the terms of the Second Underwriting Agreement The Prospectus contains details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and is complete in all material respects.

General instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual

Investors and Eligible Employees Bidding under the Employee Reservation Portion can revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until Bid/Offer Closing Date. Anchor Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date.

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;

6. RIBs bidding in the Offer to ensure that they shall use only their own ASBA bank account or only their own bank account linked UPI ID to make an application and not ASBA bank account or bank account linked UPI ID of any third party;

7. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than RIBs bidding using the UPI Mechanism) in the Bid cum Application Form;

8. Bidders in the Employee Reservation Portion should ensure that they have a valid PAN and their PANs are updated in the records of our Bank;

9. RIBs bidding using the UPI Mechanism should ensure that the correct UPI ID is mentioned in the Bid cum Application Form;

10. RIBs bidding shall ensure that the bank, with which it has its bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI;

11. All Bidders (other than Anchor Investors and RIBs bidding using the UPI Mechanism) should submit their Bids through the ASBA process only;

12. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

13. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

14. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary as proof of registration of the Bid cum Application Form;
15. Ensure that you have funds equal to the Bid Amount in the ASBA Account before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;
16. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgment Slip;

17. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;

18. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for

transacting in the securities market and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

19. Ensure that Anchor Investors submit their Anchor Investor Application Form only to the BRLMs;

20. Ensure that the Demographic Details are updated, true and correct in all respects;

21. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

22. Ensure that the correct investor category and the investor status is indicated in the Bid cum Application Form;

23. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;

24. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

25. Ensure that the depository account is active, the correct DP ID, Client ID and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository database;

26. Ensure that where the Bid cum Application Form is submitted in joint names, the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;

27. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors) is submitted to a Designated Intermediary in a Bidding Centre and in case of Bidding through a Designated Intermediary (other than for Anchor Investors and RIBs bidding through the UPI Mechanism) the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in) or such other websites as updated from time to time;

28. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

29. For RIBs bidding using the UPI Mechanism, ensure that you approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment, in a timely manner;
30. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;

31. RIBs bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the First Bidder (in case of joint account) in the Bid cum Application Form;

32. RIBs bidding using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of allotment in a timely manner;

33. Bids by Eligible NRIs and HUFs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Portion, and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Portion, for the purposes of allocation in the Offer; and

34. If your Bid results in your shareholding aggregating to 5% or more of the total paid-up share capital of the Bank, either by yourself or by acting in concert with any other person, ensure that you submit a clear legible copy of the approval obtained from the RBI, together with the application submitted by you with the RBI for obtaining such approval, along with a copy of your Bid cum Application Form, with the Registrar at any time prior to the date falling two Working Days before the date for finalisation of the Basis of Allotment the approval obtained from the RBI with the Registrar, at least two Working Days prior to the finalisation of the Basis of Allotment**.**

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not Bid on another Bid cum Application Form or the Anchor Investor Application Form, as the case maybe, after you have submitted a Bid to a Designated Intermediary;

4. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;

5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

6. Anchor Investors should not Bid through the ASBA process;

7. Do not submit the Bid cum Application Forms to any non-SCSB bank;

8. Do not submit a Bid using UPI ID, if not a Retail Individual Investor;

9. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;

10. Do not Bid at Cut-off Price in case of Bids by QIBs and Non-Institutional Investors;

11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;

12. If you are a Non-Institutional Investor or a Retail Individual Investor, do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

13. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/ Offer Closing Date;

14. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

15. Do not Bid for a Bid Amount exceeding ₹ 200,000 for Bids by Retail Individual Bidders and ₹ 500,000 (net of Employee Discount) for Bids by Eligible Employees Bidding in the Employee Reservation Portion;

16. Do not submit the General Index Register (GIR) number instead of the PAN;

17. Do not submit incorrect UPI ID details if you are a RIB bidding through the UPI Mechanism;

18. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

19. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account;

20. Do not submit more than one Bid cum Application Form per ASBA Account;

21. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs bidding through the Designated Intermediaries using the UPI Mechanism;

22. In case of ASBA Bidders (other than RIBs using UPI Mechanism), do not submit Bids to a Designated Intermediary unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Designated Intermediary to deposit the Bid cum Application Forms. If you are RIB and are Bidding using UPI Mechanism, do not submit the ASBA Form directly with SCSBs;

23. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;

24. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

25. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

26. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIB using the UPI Mechanism;

27. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

28. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

29. Do not submit a Bid cum Application Form with third party ASBA Bank Account or UPI ID (in case of Bids submitted by RIB Bidder using the UPI Mechanism); and

30. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if any of the above instructions or any other condition mentioned in the Red Herring Prospectus, as applicable, is not complied with.

Further, in case of any pre–Offer or post–Offer related issues regarding share certificates, demat credit, refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of the Company Secretary and Compliance Officer, see "*General Information - Company Secretary and Compliance Officer*" beginning on page 82.

Grounds for technical rejections

In addition to the grounds for rejection of Bids on technical grounds as provided in the General Information Document, Bidders are requested to note that Bids may be rejected on the following additional technical grounds, *inter – alia*:

1. Bid submitted without instruction to the SCSB to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

3. Bids submitted on a plain paper;

4. Bids by HUFs not mentioned correctly as provided in *"-Who can bid?"* beginning on page 523;

5. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

6. Bids submitted without the signature of the First Bidder or sole Bidder;

7. The ASBA Form not signed by the account holders, if the account holder is different from the Bidder;

8. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;

9. GIR number furnished instead of PAN;

10. Bids by Retail Individual Investors with Bid Amount for a value of more than ₹ 200,000;

11. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

12. Bids accompanied by stock invest, money order, postal order or cash; and

13. Bids by OCB.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Bank will not make any Allotment in excess of the Equity Shares through the Red Herring Prospectus and this Prospectus except in case of oversubscription for the purpose of rounding off to make Allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent. of the Offer may be made for the purpose of making Allotment in minimum lots. The Allotment of Equity Shares to applicants other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed. The Allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis. The Allotment of Equity Shares to Anchor Investors shall be on a discretionary basis subject to applicable law.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Bank, Registrar to the Offer and the respective Depositories:

- Tripartitie agreement dated June 9, 2004 among NSDL, Registrar to the Offer and our Bank.
- Tripartite agreement dated March 17, 2005 among CDSL, Registrar to the Offer and our Bank.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

"Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Undertakings by our Bank

Our Bank undertakes the following:

(i) that the complaints received in respect of the Offer shall be attended to by our Bank expeditiously and satisfactorily;

(ii) that if the Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law, failing which interest will be due to be paid to the Bidders at the rate prescribed under applicable law for the delayed period;

(iii) that all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/Offer Closing Date or such other time as may be prescribed;

(iv) that funds required for making refunds/ unblocking to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Bank;

(v) where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(vi) that adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors; and

(vii) that, no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.

Utilisation of Offer Proceeds

Our Bank specifically confirms and declares that all monies received from the Offer shall be transferred to a separate bank account in accordance with sub-section (3) of Section 40 of the Companies Act, 2013. Further, details of all utilised and unutilised monies out of the proceeds of the Net Offer shall be disclosed and continued to be disclosed under an appropriate separate head in the balance sheet of our Bank indicating the purpose for which such monies have been utilised or invested.

The above information is given for the benefit of the Bidders. Our Bank and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations,

which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulation or as specified in the Red Herring Prospectus and this Prospectus.

RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the consolidated FDI Policy and FEMA. The government bodies responsible for granting foreign investment approvals are the concerned ministries/departments of the GoI and the RBI. Pursuant to the Office Memorandum dated June 5, 2017 issued by the Department of Economic Affairs, Ministry of Finance, approval for foreign investment under the FDI Policy and FEMA has been entrusted to the concerned ministries/departments. DFS is the competent authority for grant of approval for foreign investment for banking sector.

The DIPP (now DPII) issued the Standard Operating Procedure for Processing FDI Proposals on June 29, 2017 (the "**SOP**"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned Administrative Ministry/Department shall act as the competent authority (the "**Competent Authority**") for the grant of post-facto approval for foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, DIPP (now DPII) shall identify the Competent Authority.

The GoI has from time to time made policy pronouncements on FDI through press notes and press releases. The DIPP (now DPII), issued the consolidated FDI Policy by way of circular no. D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017 which is effective from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 28, 2017. The FDI Policy will be valid until the DIPP (now DPII) issues an updated FDI Policy. The existing investment limit for FDI in our Bank is 74% of the total paid-up Equity Share capital of our Bank.

As per the existing policy of the Government of India, *erstwhile* OCBs cannot participate in this Offer. For details, see "*Offer Information*" on page 511. The above information is given for the benefit of the Applicants/ Investors. Our Bank and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to SEBI's letter dated June 9, 2020, bearing reference no. SEBI/HO/CFD/CMD1/OW/2020 ("**SEBI Letter**"), and approvals issued by the Stock Exchanges, each dated June 12, 2020, pursuant to Regulation 31A of the SEBI Listing Regulations, the erstwhile promoters and persons belonging to the promoter group (*i.e.* Rana Kapoor, Madhu Kapur, Morgan Credits Private Limited, Yes Capital (India) Private Limited and Mags Finvest Pvt Ltd) were re-classified as public shareholders. Our Bank is now professionally managed and is a 'listed entity with no promoters' in terms of the SEBI Listing Regulations. Further, in accordance with the SEBI Letter, our Bank is required to take necessary steps to modify / delete Article 110(c) and specific portions of Article 111(d), Article 118(b) and Article 121 of its AoA, which have become redundant, infructuous and inconsequential pursuant to omission of the deleted Articles under the Reconstruction Scheme.

The main provisions of the AoA of the Bank are as follows:

1. None of the regulations contained in Table E in the First Schedule to the Companies Act, 2013, except so far as such regulations are embodied in these Articles, shall be applicable to the YES Bank Limited.

2. a) The Regulations for the management of the Company and for the observance thereof by the Members and their representatives shall subject to the exercise of any statutory power of the Company in reference to the repeal or alteration of or addition to its regulations as prescribed by the Companies Act, 2013, the Banking Act and regulations made thereunder and the guidelines issued by the Reserve Bank of India from time to time in this regard, be such as are contained in these Articles.

   b) The provisions of the Banking Regulation Act, 1949 shall have effect notwithstanding anything to the contrary contained in the Memorandum and Articles of Association of the Company.

3. **INTERPRETATION**

   a) In these presents, unless there be something in the subject or context inconsistent therewith:

   <u>the **"Act"** or the **"said Act"**</u>

   means the Companies Act, 2013 and any / or the Companies Act, 1956, as applicable, including any statutory modification, amendment or re-enactment thereof for the time being in force;

   <u>"**Affiliate**"</u>

   means any person which is a holding company or subsidiary of Rabo or any person including any subsidiary or holding company which, directly or indirectly, (a) Controls either Rabo or the Indian Partners, (b) is Controlled by either Rabo or the Indian Partners,

   (c) is Controlled by the same person who, directly or indirectly, Controls Rabo or the Indian Partners, or (d) is a subsidiary of the same person of which Rabo is a subsidiary. For the purposes of this definition, the term "holding company" and "subsidiary" shall have the meaning ascribed to under Section 4 of the Act.

   <u>"**Ashok Kapur**"</u>

   means Mr. Ashok Kapur, an Indian National and resident of 11, Silver Arch, Napean Sea Road, Mumbai – 400006 and unless it be repugnant to the context, shall mean and includes his successors, legal representatives and assigns;

   <u>the **"Articles"** or **"these presents"**</u>

   means these Articles of Association;

the **“Auditor”**

means and includes a person appointed as such, for the time being of the Company;

“Board” or **“Board of Directors”**

means the board of directors of the Company;

“Banking Act”

means the Banking Regulation Act, 1949 and includes any statutory modification or re-enactment thereof for the time being in force and includes any rules and regulations framed thereunder;

“Beneficial Owner”

means the beneficial owner as defined under the Depositories Act, 1996;

“CEO”

means the Chief Executive Officer of the Company;

“Chairman”

means the chairman of the Board;

“Committee”

means a committee of the Board;

the “Company” or this “Company”

means Yes Bank Limited;

“Constitutional Documents”

means the Memorandum and Articles of Association of the Company;

“Controlling“ “Controlled by” or “Control”

with respect to any person, means ownership of more than 50% of voting securities of such person and the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by agreement or otherwise and the power to elect more than 50% of the directors, partners or other individuals exercising similar authority with respect to such person;

“Depositories Act”

means the Depositories Act, 1996 and shall include any statutory modifications or re-enactment thereof for the time being in force;

“Depository”

means a Depository as defined under the Depositories Act;

“Director” or “Directors”

means any member (s) of the Board;

“Dividend”

includes interim dividend;

“Extra Ordinary General Meeting”

means an Extra Ordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof;

“Financial Year”

means the financial year of the Company, being April 1 of the current year to March 31 of the succeeding year;

“Indian Partners”

Ashok Kapur and Rana Kapoor, are collectively referred to as the “Indian Partners” and each of Ashok Kapur, and Rana Kapoor is individually referred to as the “Indian Partner”;

“In writing” or “Written”

includes printing, lithography and other modes of representing or reproducing words in a visible form including computer print outs;

“Law”

includes all statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directives and orders of any Government, statutory authority, tribunals, board, Court or Recognised Stock Exchange.

“Members”

means the duly registered holder, from time to time, of the Shares of the Company and includes the subscribers to the Memorandum of Association as also one whose name is entered as Beneficial Owner in the records of the Depository, but does not include a bearer of a Share warrant;

“Meeting” or “General Meeting”

means a general meeting of the Members held in accordance with the provisions of the Act;

“Office” or **“Registered Office”**

means the registered office, for the time being, of the Company;

“Proxy”

means any person who is appointed by an instrument to attend and vote for a Member at a General Meeting on a poll;

“Rabo”

means Rabobank International Holding B.V. a closed company with limited liability established and existing under the laws of The Netherlands, with its statutory seat at Utrecht, The Netherlands and with its principal place of business at Croeselaan 18, 3521 CB Utrecht , The Netherlands, and unless it be repugnant to the context, shall include its successors and assigns;

“Rana Kapoor”

means Mr. Rana Kapoor, an Indian National and resident of Grand Paradi Apartments, Rowhouse # 1, Mumbai- 400036 and unless it be repugnant to the context, shall mean and includes his successors, legal representatives and assigns;

"Register of Members"

means the Register of Members to be maintained by the Company as prescribed under the Act and also includes records of Beneficial Owners maintained by the Depository;

"Registrar"

shall have the meaning assigned to it under the Act;

"Regulatory Authorities"

means any authority appointed under the Act or the Banking Act and includes the Central Government, Company Law Board, National Company Law Tribunal, the Registrar or any other authority appointed under the Act and the Reserve Bank of India acting through any of its duly authorized officer under the Banking Act or any other authority authorized to exercise any power under the Law for the time being in force;

"Reserve Bank"

means the Reserve Bank of India established under the Reserve Bank of India Act, 1934 (2 of 1934);

"Securities"

mean the securities as defined under the Securities Contracts (Regulation) Act, 1956 as amended from time to time;

"Security Holder"

means holder of any security of the Company;

"Share"

means share in the share capital of the Company, and includes stock;

"Shareholder"

means the holder of any Share of the Company;

"Special Resolution" "Ordinary Resolution"

shall have the meanings respectively assigned thereto in the Act;

The "Companies Act, 1956"

Means Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of sections of the Companies Act, 2013) along with the relevant rules made thereunder;

The "Companies Act, 2013"

Means Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules, circulars and notifications made thereunder;

"The said Acts"

means the Act and the Banking Act referred to collectively.

<u>"Transfer"</u>

Means the transfer of Shares and securities or other voting interests of a person and includes (i) any transfer or other disposition of the Shares and securities or voting interests or any interest therein, including, without limitation, by operation of Law, by court order, by judicial process, or by foreclosure, levy or attachment; (ii) any sale, assignment gift, donation, redemption, conversion or other disposition of such Shares and securities or any interest therein, pursuant to an agreement, arrangement, instrument or understanding by which legal title to or beneficial ownership of such Shares and securities or any interest therein passes from one person to another person or to the same person in a different legal capacity, whether or not for value.

b) **Interpretation**

Any reference in these Articles to:-

i) any gender, whether masculine, feminine or neuter, shall be deemed to be referring to the other gender or genders, as the case may be;
ii) singular number be construed as referring to the plural number and vice versa;
iii) "banking company" means any company which transacts the business of banking in India;
iv) "person" means any individual, firm or partnership or association, joint stock company, joint venture corporation, trust, unincorporated organization or government or agency or sub-division thereof;
v) any legal term for any action, remedy, method or judicial proceeding, legal document, legal status, or any legal concept or thing shall in respect of any jurisdiction be deemed to include what most nearly approximates in that jurisdiction to the legal term;
vi) "Articles" are references to the Articles of these Articles of Association;
vii) a person shall include, in case of a body corporate, references to its successors and permitted assigns and in case of a natural person, to his heirs, executors, administrator and legal representatives;
viii) the marginal notes and catch lines hereto shall not affect the construction or meaning hereof.

c) **References**

i) Where there is any inconsistency between the definitions set out in this Article and the definitions set out in any other Article, then for the purposes of construing such Article, the definitions set out in such Article shall prevail.
ii) The index and the headings in these Articles do not affect its interpretation.
iii) Save as aforesaid any words or expressions defined in either of the said Acts, but not defined in these Articles shall, unless inconsistent with the subject or context, bear the same meaning herein as assigned to them respectively in either of the said Acts.

PRELIMINARY

4. Copies of the Memorandum and Articles of Association, every agreement and every resolution, if and so far as they have not been embodied in the Memorandum of Association and Articles of Association, and as may be required under the provisions of the Act, shall be furnished to every Member, upon his request in the manner prescribed in the Act.

CAPITAL

5. a) The Authorized Share capital of the Company is as provided for in clause V of the Memorandum of Association of the Company.

b) The Company has power from time to time to increase or reduce or reclassify or alter its capital and to divide or consolidate the Shares into several classes and face value and to attach thereto, respectively, such preferential, cumulative, convertible, guarantee, qualified or other special rights, privileges, conditions or restrictions, as may be determined by or in accordance with these presents and to vary, modify or abrogate any such right, privileges or conditions or restrictions in such manner as may for the time being be permitted by these presents or the said Acts, the guidelines issued by the RBI or any other legislative provisions for the time being in force in that behalf.

c) The Company may issue preference shares in accordance with and subject to the provisions of the said Acts, the guidelines issued by the RBI and the applicable Laws.

d) Subject to the rights of the holders of any other shares entitled by the terms of issue, to preferential repayment over the equity Shares, in the event of winding up of the Company, the holders of the equity Shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity Shares and all surplus assets thereafter shall belong to the holders of the equity Shares in proportion to the amount paid up or credited as paid up on such equity Shares respectively at the commencement of the winding up.

6. **Maintenance of register of members, etc.”**

The Company shall keep and maintain the register of members in the manner as prescribed under the provisions of the Act and rules made thereunder.

7. In accordance with the provisions of the Act:

a) The Shares, or other interest of any Member in the Company shall be movable property, transferable in the manner provided hereunder.
b) The Company shall be entitled to dematerialise any or all of its Shares, debentures and other marketable securities pursuant to the Depositories Act and, subject to these presents, to offer its Shares, debentures and other securities for subscription in a dematerialised form.
c) A certificate, issued and/or signed in the manner as prescribed under the Act, specifying any Shares held by any Member or the entry of the name of the Member as Beneficial Owner in the records of the Depository shall, subject to and for the purposes of these Articles, be prima facie evidence of the title of the Member to such Shares.
d) Subject to these presents, the Shares in the capital of the Company shall be numbered progressively according to their several denominations and except in the manner mentioned in these presents, no Share shall be subdivided.
e) Every certificate of Shares shall specify the numbers of shares in respect of which it is issued and amount paid – up thereon and shall be issued and/or signed in the manner as prescribed under the Act.

8. Subject to the provisions of The said Acts, the Shares in the capital of the Company for the time being (including any Shares forming part of any increased capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons in such proportion and on such terms and conditions and either at a premium or at par or at a discount and at such times as it may from time to time think fit and proper or as may be prescribed under the Act.

9. Subject to the provisions of the said Acts and these presents, the Board may issue and allot Shares as payment or part payment for any property sold or goods transferred or for services rendered to the Company and any Shares which may be so allotted may be issued as fully paid-up or partly paid-up Shares and; if so issued shall be deemed to be fully paid-up Shares or partly paid-up Shares.

10. Any unclassified Shares (whether forming part of the original capital or of any increased capital of the Company) may, subject to the provisions of the said Acts and these presents, be issued and in particular such Shares may be issued with a preferential or qualified right as to dividends and in the distribution of the assets of the Company.

11. In addition to and without derogating from the powers for this purpose conferred on the Board under Article 8, the Company, in General Meeting may, subject to the provisions of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or holder of debentures of the Company or not) in such proportion and on

such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of the Act and subject to the provisions of the Banking Act), as such General Meeting may determine and with full power to give to any person (whether a Member or holder of debentures of the Company or not) the option to call for or be allotted Shares of any class of the Company either at par or at a premium or subject as aforesaid at discount in the form of sweat equity shares or otherwise if permitted under the Law, such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may subject to the provisions of the Act, make any other provisions whatsoever for the issue, allotment or disposal of any Shares.

The Company may issue sweat equity shares to its directors or employees in compliance with the Act, Banking Act and any other applicable Law.

12. Any application signed by or on behalf of an applicant for Shares in the Company, followed by an allotment of any Share therein shall be an acceptance of Shares within the meaning of these presents and every person who thus or otherwise accepts any Share(s) and whose name is entered in the Register of Members shall, for the purpose of these presents, be a Member.

13. The money (if any) which the Board shall, on the allotment of any Share(s) being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Share(s) allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by Company from the allottee thereof and shall be paid by him accordingly.

14. If by the conditions of allotment of any Shares the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due be paid up to the Company by or on behalf of the person who for the time being and from time to time shall be the registered holder of the Share or his legal representative.

15. Save as herein otherwise provided or as provided by Law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any Share as the absolute owner thereof and, accordingly shall not (except as ordered by a court of competent jurisdiction or as by Law required) be bound to recognize any trust or equity or equitable, contingent or other claim to or interest in such Share on the part of any other person whether or not it shall have express or implied notice thereof.

16. Except to the extent allowed under the provisions of the Act and the provisions of the Banking Act, no part of the funds of the Company shall be employed / lent for acquiring the Shares.

UNDERWRITING COMMISSION

17. The Company may at any time pay a commission to any person in connection with the subscription (whether absolutely or conditionally) for any Shares, debentures or other securities of the Company or procurement of subscriptions (whether absolute or conditional) for any Shares, debentures or other securities of the Company, in accordance with and subject to conditions and provisions of The said Acts and the Law.

CERTIFICATES

18. a) The certificate of Share(s) shall be issued in accordance with the provisions of the Act.

aa) Every Member shall be entitled without payment, to one or more certificates in marketable lots, for all the Shares of each class or denominations registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares.

b) Unless prohibited by any provision of Law or any order of Court, Tribunal or other authority, the Company shall, deliver the certificates of all securities allotted, transferred or transmitted—

i) within a period of two months from the date of allotment, in the case of any allotment of any of its securities;

ii) within a period of one month from the date of receipt by the Company of the instrument of transfer or, as the case may be, of the intimation of transmission, in the case of a transfer or transmission of securities;

iii) within a period of six months from the date of allotment in the case of any allotment of debenture.

Where, however, the Company is issuing such securities in dematerialized form, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such securities.

19. A certificate of Shares may be renewed or a duplicate certificate of Shares may be issued if such certificate:

a) is proved to have been lost or destroyed; or
b) having been defaced or mutilated or torn is surrendered to the Company; or
c) has no further space on the back thereof for endorsement of transfer.

19A Notwithstanding anything contained in Article 19 above, the Directors shall comply with the rules, regulations and requirements of any Stock Exchange(s) on which the securities of the Company are listed or proposed to be listed, The said Acts, the Securities Contracts (Regulation) Act, 1956 (as amended or restated) and the applicable Laws.

19B The provisions of this Article shall mutatis mutandis apply to the debentures of the Company.

20. a) If and whenever, as a result of issue of new Shares or the consolidation or subdivision of Shares, any Member becomes entitled to any fractional part of a Share, the Directors may subject to the provisions of the Act and these presents and to the directions if any, of the Company in its General Meeting

i) issue to such Member, fractional certificate or certificates representing such fractional part. Such fractional certificate or certificates shall not be registered, nor shall they bear any dividend until exchanged with other fractional certificates for an entire Share. The Directors may, however, fix the time within which such fractional certificates are to be exchanged for an entire share and may extend such time and if at the expiry of such time, any fractional certificates shall be deemed to be cancelled and the Directors shall sell the shares represented by such cancelled fractional certificates for the best price reasonably obtainable; or

ii) to sell the Shares represented by all such fractional parts for the best price reasonably obtainable.

b) In the event of any Shares being sold, in pursuance of sub-article (a) (ii) above, the Directors shall pay and distribute to and amongst the persons entitled, in due proportion the net sale proceeds thereof.

c) For the purpose of giving effect to any such sale, the Directors may authorize any person to transfer the Shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see the application of purchase money nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the same.

CALLS

21. The Board may from time to time make such calls as they think fit upon the Members in respect of all moneys unpaid on the Shares held by them, respectively, and not by the conditions of allotment thereof made payable at fixed times and each Member shall pay the amount of every call so made on him to the person and at the times and places appointed by the Board. A call may be made payable by installments.

22. A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed and may be made payable by Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board.

23. Not less than 14 days notice of every call shall be given specifying the time and place of payment, provided that before the time for payment of such call, the Board may by notice in writing to the Members revoke or

postpone the same.

24. The Board may from time to time at their discretion, extend the time fixed for the payments of any call by such Member(s) for such cause as the Board may deem fit.

25. If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the amount of the Share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.

26. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being or the allottee of the Share in respect of which a call shall have been made or the installment shall be due, shall pay interest on the same at such rate as the Board shall fix from time to time from the day appointed for the payment thereof to the date of actual payment, but the Board may, in its absolute discretion, waive payment of such interest wholly or in part.

27. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any Shares nor any part payment or satisfaction there under nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any Shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any money shall preclude the forfeiture of such Shares as herein provided.

28. The Board may, if it thinks fit receive from any Member willing to advance all or any part of the money due upon the Shares held by him beyond the sums actually called up, and upon the moneys so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at such rate as the Member paying such sum in advance and the Board agrees upon and the Board may at any time repay the amount so advanced upon giving to such Member one month’s notice in writing.

29. No Member shall be entitled to receive any dividend or to exercise any privilege as a Member until he shall have paid all calls for the time being due and payable on every Share held by him whether alone or jointly with any person, together with interest and expenses, if any.

30. On the trial or hearing of any action or suit brought by the Company against any Member or his legal representatives for the recovery of any moneys claimed to be due to the Company in respect of his Shares it shall be sufficient to prove that the name of the Member in respect of whose Shares the money’s are sought to be recovered, is entered in the Register of Members as a Member/one of the Members at or any subsequent date on which the moneys sought to be recovered are alleged to have become due on the Shares and that the resolution making the call is duly recorded in the Minute book and the notice of such call was duly given to the Member, holder or joint-holder or his legal representatives sited in pursuance of these presents. It shall not be necessary to prove the appointment of Directors who made such call nor that the quorum of Directors was present at the Board at which any such call was made nor that the meeting at which any such call was made had been duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

FORFEITURE, SURRENDER AND LIEN

31. If any Member fails to pay the whole or any part of any call or installment or any money due in respect of any Share(s) either by way of principal or interest on or before the day appointed for the payment of the same, the Board may at any time thereafter, during such time as the call or installment or any part thereof or other moneys remain unpaid or a judgement or a decree in respect thereof remains unsatisfied in whole or in part serve a notice on such Member or on the person (if any) entitled to the Share(s) by transmission requiring him to pay such call or installment or part thereof or other moneys as remain unpaid together with any interest that

may accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of such non-payment.

32. The notice shall name a day not being less than 14 days from the date of the notice and the place or places on and at which such call or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed the Share(s) in respect of which the call was made or installments is payable will be liable to be forfeited.

33. If the requirement of any such notice as aforesaid is not complied with, any of the Share(s) in respect of which such notice has been given may, at any time thereafter before payment of all calls or installments, interest and expenses or the money due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited Share(s) and not actually paid before the forfeiture.

34. When any Share(s) shall have been so forfeited, a notice of forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof shall be made in the Register of Members.

35. Any Share(s) so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of either to the original holder thereof or to any other person upon such terms and such manner as the Board shall think fit.

36. The Board may, at any time before any Share(s) so forfeited shall have been sold, reallotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

37. The forfeiture of Share(s) shall involve the extinction at the time of the forfeiture, of all interest in and all claims and demand against the Company in respect of the Share(s) and all other rights incidental to the Share(s) except only such of those rights as by these presents are expressly saved.

38. Any Member whose Share(s) has/have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest, expenses and other moneys owing upon or in respect of such Shares at the time of the forfeiture together with further interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof if it thinks fit but shall not be under any obligation to do so.

39. A certificate in writing under the hand of any Director or the Secretary or such other person as may be authorized from time to time that the call in respect of Share(s) was made and that the forfeiture of Share(s) was made, by a resolution of the Board to that effect, shall be conclusive evidence of the fact stated therein as against all persons entitled to such Share.

40. The Company may receive consideration, if any, given for the Share(s) on any sale, reallotment or other disposition thereof and the person to whom such Share(s) is sold, reallotted or disposed of may be registered as the holder of the Share(s) and shall not be bound to see to the application of the consideration, if any, nor shall his title to the Share(s) be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the Share(s).

41. Upon sale, re-allotment or other disposal of the forfeited Shares under the provisions of these presents, the certificate or certificates originally issued in respect of the relative Share(s) shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled automatically and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of such Share(s) to the person(s) entitled thereto. If the forfeited Shares are in a de-materialised form then the provisions of this Article shall apply as provided for in the Depositories Act and the rules and regulations made thereunder.

42. The provisions of these Articles as to the forfeiture shall apply in the case of non-payment of any sum which by terms of issue of Share(s) become payable at a fixed time as if the same had been payable by virtue of a call duly made or notified.

43. For the purpose of enforcing such lien the Board may sell the Shares subject thereto, in such manner as they think fit, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until notice in writing of the intention to sell shall have been served on such Member or the person (if any) entitled by transmission to the Shares and default shall have been made by him in payment of the sum presently payable for 14 days after such notice.

44. The net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards the satisfaction of the debt or liability in respect whereof the lien exists so far as the same is presently payable and the residue (if any) paid to the Member or the person (if any) entitled by transmission to the Shares so sold. Provided that the amount so paid to such Member or person shall not exceed the amount received by the Company from such Member or person towards such Shares.

45. The Board may, subject to the provisions of the Act accept a surrender of any Share(s) from or any Member desirous of surrendering on such terms as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

46. The Company shall keep a book to be called the "Register of Transfers and Transmissions" and therein shall fairly and distinctly enter the particulars of every transfer or transmission of any Share.

47. **"Transfer of Securities"**

a) The instrument of transfer form, as prescribed under the Act shall be used.

b) The instrument of transfer shall be in writing and all provisions of the Act shall be duly complied with in respect of all transfer of securities and registration thereof.

48. A transfer of the Shares or other interest in the Company of a deceased Member thereof made by his legal representative shall although the legal representative is not himself a Member, be as valid as if he had been a Member at the time of the execution of the instrument of transfer.

49. a) An application for the registration of a transfer of any Share(s) debenture(s) or any other securities or other interest of a Member in the Company may be made either by the transferor or by the transferee.

b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered, unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

c) For the purpose of sub-article (b) above, notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

d) Acquisition of Shares/ voting rights / compulsorily convertible debentures / bonds or a combination of the above through purchase or transfer or exercise of option for conversion of optionally convertible preference shares / debentures / bonds by a person, his relative, associate enterprise/group or persons acting in concert with him, which would take his/her/its aggregate holding to a level of 5 per cent or more of the total issued capital of the Company (or such other percentage as may be prescribed by the Reserve Bank from time to time) should be effected by such buyer(s) after obtaining prior approval of the Reserve Bank and in the manner prescribed by the Reserve Bank and subject to compliance with applicable Laws.

The bank shall ensure transfer / acquisition as approved / rejected by RBI and to the extent approved by RBI.

e) Neither Rabo nor the Indian Partners shall Transfer or cause a Transfer of their respective shareholding in the Company to the extent of 9,80,00,000 (Nine Crores Eighty Lakhs) Equity Shares of the Company for a period of five years from May 24, 2004. Notwithstanding anything to the contrary contained in these presents, Article 49 (e) shall be subject to any guideline/instruction/direction whether oral or written issued/recommended/approved by the Reserve Bank with respect to the capital structure of the Company. Provided further that in the event that the Reserve Bank relaxes its requirement for the lock-in then the release of the aforesaid locked-in shares shall be effected in a manner that is proportionate to the shareholding of the Indian Partners and Rabo in the Company.

50. Nothing in these presents shall prejudice the powers of the Company to refuse to register the transfer of any Shares in accordance with the provisions of the Act or the Banking Act.

51. The transferor shall be deemed to remain the holder of such Shares until the name of the transferee is entered in the Register of Members in respect thereof.

52. a) Notwithstanding anything contained in Articles 48 and 49 but subject to the provisions of the Act and the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules and Regulations made there under and other applicable laws and the Banking Act, the Board may at its absolute and uncontrolled discretion decline to register or acknowledge any transfer of Shares and by giving reasons for such refusal, in respect of the Shares upon which the Company has a lien or whilst any moneys due to the Company in respect of the Shares desired to be transferred or any of them remain unpaid and such refusal shall not be affected by the fact that the proposed transferee is already a Member. Provided that registration of any transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.

b) Notwithstanding anything to the contrary the Board may, at its absolute and uncontrolled discretion refuse to register the Transfer of any Shares or other securities of the Company being Shares or securities issued by the Company in favour of any transferee whether individual firm, group constituent of a group, Body Corporate or Bodies Corporate under the same management or otherwise and whether in his or its own name or in the name of any other person if the same is not in accordance with Article 49 (e) of the Articles and/or if such a Transfer is not approved/acknowledged by the Reserve Bank, wherever such approval/acknowledgement is required.

53. If the Company refuse to register the transfer or transmission of any Shares, it shall, within such period as prescribed under the Act, from time to time, from the date on which the instrument of transfer or the intimation of transmission, complete in all respects, is delivered to the Company, send notice of refusal to the transferee and the transferor or to the person giving intimation of such transmission, giving reasons of such refusal.

54. Subject to the provisions of the Act, no transfer shall be made to a person who is unsound mind.

55. The instrument of transfer shall, after registration, be retained by the Company and shall remain in its custody. All the instruments of transfer which the Board may decline to register shall on demand be returned to the persons depositing the same. The Board may cause to be destroyed all transfer deeds lying with the Company after such period as may be prescribed.

56. The executors or administrators of a deceased Member or a holder of a succession certificate or other legal representative in respect of Shares of a deceased Member where he was a sole or only surviving holder shall be the only person whom the Company will be bound to recognize as having any title to the Shares registered in the name of such Member and the Company shall not be bound to recognize such executors, administrators or holder unless such executors or administrators shall have first obtained probate or Letters of Administration or such holder is the holder of a succession certificate or other legal representation as the case may be, from a court of competent jurisdiction. Provided that in any case where the Board, at its absolute discretion, thinks fit, the Board may dispense with production of probate or letters of administration or succession certificate or other legal representation and under Article 57 register the name of any person who claims to be absolutely entitled to the Share standing in the name of a deceased Member as a Member.

57. Any person becoming entitled to any Share in consequence of the death, lunacy, bankruptcy or insolvency of any Member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board shall require, either be registered as a Member in respect of such Shares or may subject to the Regulations as to transfer contained in these presents transfer such Shares to some other person. This Article is in these present, referred to the "Transmission Clause".

58. The Board shall have the same right to refuse to register a person entitled by transmission to any Shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

59. Every transmission of a Share shall be verified in such manner as the Board may require and the Company may refuse to register any transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Board at its discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Board to accept any indemnity.

60. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

61. The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of Shares made or purporting to be made by the apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same Shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibition registration of such transfer, and may have

entered such notice or referred thereto in any books of the Company and the Company shall not be bound or required to regard or attend to give effect to any notice which may be given to them of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board shall so think fit.

CONVERSION OF SHARES INTO STOCK

62. The Company may, by Ordinary Resolution:

a) Convert any paid-up Shares into stock; and
b) Reconvert any stock into paid-up Shares of any denomination.

63. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Regulations under which the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit.

Provided that the Board may from time to time fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the Shares from which the stock arose.

64. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters, as if they held the Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.

65. Such of the Regulations of the Company (other than those relating to share warrants) as are applicable to paid up Shares shall apply to stock and the words, "Share" and ''Shareholder" in those Regulations shall include

“stock” and “stockholder” respectively.

INCREASE, REDUCTION AND ALTERATION OF CAPITAL

66. The Company may from time to time increase its Share capital by issuing new Shares, subject to the provision of The said Acts.

67. The new Shares (except such of them as shall be unclassified Shares subject to the provisions of Article 10) shall, subject to the provisions of The said Acts and these presents, be issued upon such terms and conditions and with such rights and privileges annexed and in particular such Shares may be issued with a preferential or qualified right to dividends and in distribution of the assets of the Company.

68. The Shares (resulting from an increase of capital as aforesaid) may, subject to and in compliance of the provisions of the said Acts, and these presents be issued or disposed of by the Company in General Meeting or by the Board under its powers in accordance with the provisions of Articles 8, 9, 10.

69. In addition to and without derogating from the powers for the purpose conferred on the Board under Article 11, the Company in General Meeting may, in accordance with the provisions of the Act, determine that any Shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or holders of debentures of the Company or not) in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of the Act) as the Company may determine at such General Meeting.

70. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new Shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise and shall rank pari passu in all respects with any existing Shares of the same class.

71. The Company may from time to time by Special Resolution reduce its Share capital (including Share Premium Account, Capital Redemption Reserve Account, if any) in any way authorized by Law and, in particular, may pay off any paid-up share capital upon the footing that it may be called up again or otherwise and may if and so far as necessary alter its Memorandum and Articles of Association reducing the amount of its Share capital and or its Shares accordingly.

72. The Company may in General Meeting alter the condition of the Memorandum and Articles of Association as follows:

a) Consolidate and divide all or any of its Share capital into Shares of larger amount than its existing Shares.
b) Sub-divide Shares or any of them into Shares of smaller amount than originally fixed by the Memorandum, subject nevertheless to the provisions of the Act in that behalf.
c) Cancel Shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its Share capital by the amount of the Shares so cancelled.

73. a) The Board may at its absolute discretion, refuse applications for the sub-division of Share certificates, debenture or bond certificates into denominations of less than the marketable lot except when such subdivision is required to be made to comply with a statutory provision or an order of a competent court of Law.
b) The Company may purchase its own Shares in the manner provided under the Act.

MODIFICATION OF CLASS RIGHTS

74. a) If, at any time the share capital of the Company is divided into different classes of Shares, the rights and privileges attached to the Shares of any class may, subject to the provisions of the Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of not less than three-fourths of the issued Shares of that class or with the

sanction of a Special Resolution passed at a separate meeting of the holders of the issued Shares of that class.

b) This Article is not to derogate from any power the Company would have had if this Article were omitted and the right of the dissentient shareholders being holders of not less in the aggregate than 10 percent of the issued Shares of that class, being persons who did not consent to or vote in favour of the Resolution for the variation, to apply to the Court and / or National Company Law Tribunal to have the valuations or modifications cancelled as provided in Section 48 of the Act.

JOINT- HOLDERS

75. Where two or more persons are registered as the holders of any Share, they shall be deemed to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these presents:

a) The Company shall be entitled to decline to register more than three persons as the joint-holders of any Share.
b) The joint-holders of any Share shall be liable severally as well as jointly for in respect of all calls and other payments which ought to be made in respect of such Share.
c) On the death of any such joint-holder, the survivor or survivors shall be the only persons recognized by the Company as having any title to the Share but the Board may require such evidence of death as it deems fit and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on Shares held by him jointly with any other person.
d) Any one of such joint-holders may give effectual receipts for any dividends or other moneys payable in respect of such Share.
e) Only the person whose name stands first in the Register of Members as one of the joint-holders of any Share shall be entitled to delivery of the certificate relating to such Share or to receive notice (which expression shall be deemed to include all documents mentioned in the Article 179 from the Company and any notice given to such person shall be deemed to be notice to all the joint holders.
f) Any one of two or more joint-holders may vote at any meeting, either personally or by attorney or by Proxy, in respect of such Share as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by Proxy or by attorney then, that one of such persons so present whose name stands first or higher (as the case may be) in the Register in respect of such Share shall alone be entitled to vote in respect thereof but the other or others of the joint-holders shall be entitled to be present at the meeting, provided always that a joint-holder present at any meeting personally shall be entitled to vote in preference to a jointholder present by attorney or by Proxy although the name of such joint-holder present by attorney or Proxy stands first or higher (as the case may be) in the Register in respect of such Shares. Several executors or administrators of a deceased Member in whose (deceased Member's) sole name any Share stands shall, for any purpose of this Article be deemed joint-holders.

BORROWING POWERS

76. Subject to the relevant provisions of the said Acts, the Board may from time to time, by a resolution passed at its meeting, borrow moneys and may generally raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock or any mortgage or charge or other Security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being. Provided that no charge shall be created on the uncalled capital of the Company except with the prior approval of the Reserve Bank.

77. Any bonds, debentures, debenture stock or other securities issued or to be issued by the Company shall be under the control of the Board, who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

78. Debentures, debenture stock, bonds or other securities may be made assignable free from any equities between

the Company and the person to whom the same may be issued.

79. Subject to the provision of The said Acts and other applicable Laws, any bonds, debentures, debenture stock or other securities may be issued at a discount, premium or at par and with any special privileges as to redemption, surrender, drawing, allotment of Shares, appointment of Directors or otherwise.

80. If any uncalled capital of the Company is included in or charged by any mortgage or other Security, the Board may authorize the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the Members in respect of such uncalled capital and the provisions hereinbefore contained in regard to calls shall mutatis mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Directors' power or otherwise and shall be assignable if expressed so to be.

81. The Board shall cause a proper register to be kept in accordance with the provisions of the Act of all mortgages and charges specifically affecting **the property or assets** of the Company or any of its undertakings and shall duly comply with the requirements of the Act in regard to registration of mortgages and charges and in regard to inspection to be given to creditors or Members of the Register of Charges and of copies of instruments creating charges.

Such sum as may be prescribed by the Act or as may be decided by the Board shall be payable by any person other than a creditor or Member of the Company for each inspection of the Register of Charges.

MEETING

82. All General Meetings other than the Annual General Meetings shall be called Extra Ordinary General Meetings.

PROCEEDINGS AT GENERAL MEETING

83. The Quorum for the General Meeting shall be as prescribed under the Act.

84. No business shall be discussed at any General Meeting except the election of a Chairman, whilst the Chair is vacant.

85.
a) The Chairman, if any, of the Board shall preside as Chairman at every General Meeting of the Company.
b) If there be no Chairman or, if at any meeting he shall not be present within 15 minutes after the time appointed for holding such meeting, or is unwilling to act, the CEO and Managing Director shall be entitled to take the chair and, if there the CEO and Managing Director is not present in fifteen minutes or is not willing to act, the Members present shall choose one of the Directors to take the Chair and if no Directors present be willing to take the Chair, the Members present shall choose one of their number to be the Chairman of the meeting.

86. If within half an hour from the time appointed for the General Meeting, a quorum be not present in the meeting, if convened on the requisition of Members, shall stand cancelled and in any other case shall stand adjourned to the same day in the next week, at the same time and place or to such other date and at such other time and place as the Board may determine. In case of an adjourned meeting or of a change of day, time or place of adjourned meeting, the Company shall give not less than three days notice to the Members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the Company is situated. If at such adjourned meeting also a quorum is not present within half an hour from the time appointed for holding the General meeting, the Members present shall be a quorum and may transact the business for which the General Meeting was called.

87.
a) The Chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting adjourn any meeting from time to time, and from place to place.
b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the

meeting from which the adjournment took place.

c) When a meeting is adjourned for more than 30 days, notice of the adjourned meeting shall be given as in the case of an original meeting.

d) Save as aforesaid, it shall not be necessary to give any notice of the adjournment or of the business to be transacted at an adjourned Meeting.

88. At any General Meeting a Resolution put to the vote of the meeting shall, unless a poll is demanded in the manner hereinafter mentioned and as prescribed under Section 109 of the Act or the voting is carried out electronically and unless a poll is so demanded or voting is carried out electronically, a declaration by the Chairman of the meeting of the passing of a resolution or otherwise by show of hands and an entry to that effect in the book containing the minutes of the meeting of the Company shall be conclusive evidence of the fact of passing of such resolution or otherwise.

89. a) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting, in terms of section 109 of the Act, on his own motion and shall be ordered to be taken by him on a demand made in that behalf by the Member or Members present in person or by Proxy, where allowed, and having not less than one-tenth of the total voting power or holding Shares in the Company on which an aggregate sum of not less than five lakh rupees or such higher amount as may be prescribed under the Act has been paid up.

b) The demand for a poll may be withdrawn at any time by the person who made the demand.

90. a) If a poll is demanded on the election of a Chairman or on a question of adjournment, it shall be taken forthwith and without adjournment.

b) A poll demanded on any other question shall be taken at such time not being later than 48 hours from the time when the demand was made, as the Chairman may direct.

91. On a poll taken at a meeting of the Company, a Member entitled to more than one vote or his Proxy or other person entitled to vote for him as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.

92. a) Where a poll is to be taken, the Chairman of the meeting shall appoint one or more scrutineers as he deem necessary, to scrutinize the poll process and the votes given to the poll and to report thereon to the Chairman in the manner prescribed by the Act or Rules made there under.

b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of the scrutineer arising from such removal or from any other cause.

93. a) Subject to the provisions of the Act, Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

94. In the case of any equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a casting vote in addition to his own votes to which he may be entitled as a Member.

95. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

96. Notwithstanding anything contained in the provisions of these presents, the provisions of Section 110 of the Act and the rules made there under, shall apply in relation to passing of resolutions by postal ballot.

96A **Voting through Electronic Means:**

The Company may provide to its Members the facility to exercise their right to vote at general meeting or postal ballot by electronic means as prescribed under the Act.

VOTES OF MEMBERS

97. Subject to the provisions of the Act;

a) On a show of hands, every Member present in person shall have one vote; and
b) On a poll, the voting rights of Members shall be as provided in Section 47 of the Act but will be subject to the ceiling, if any, prescribed by the Banking Act.

98. Any Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction to lunacy may vote whether on a show of hands or on a poll or by any other method as may be prescribed including voting by electronic means, by his committee or other legal guardian and such committee or guardian may, on a poll, vote by Proxy.

99. A Body Corporate (whether a company within the meaning of the Act or not) may, if it is a Member, by resolution of its Board or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company in accordance with the provisions of Section 113 of the Act. The production at the meeting of a copy of such resolution duly signed by one Director or such Body Corporate or by a member of its governing body and certified by him as being a true copy of the resolution shall on production at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment.

100. Any person entitled under the Transmission Clause to transfer any Shares may vote at the General Meetings in respect thereof as if he was the registered holder of such Shares provided that at least 48 hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Board of his right to transfer such Shares unless the Board has previously admitted his right to vote at such meeting in respect thereof.

101. a) Any Member who is entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a Member or not) as his Proxy to attend and vote on his behalf. A Proxy so appointed shall not have any right to speak at the meeting and shall not be entitled to vote except on a poll.
b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and that a Proxy need not be a Member.

c) A person appointed as proxy shall act on behalf of such member or such number of members and such number of shares as prescribed under the Act.

102. Votes may be given either personally or by attorney or by Proxy or in the case of a Body Corporate by a representative duly authorized as aforesaid.

103. Every instrument of proxy whether for a specified meeting or otherwise shall be in writing under the hand of the appointer or his attorney authorized in writing or if such appointer is a Body Corporate under its Seal or the hand of an officer or an attorney duly authorized by it and shall, as nearly as circumstances will admit, be in the form specified under the Act or rules made thereunder.

104. No person shall act as Proxy unless the instrument of his appointment and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall have been deposited at the Registered Office of the Company at least 48 hours before the time for holding the meeting at which the person named in the

instrument of Proxy proposes to vote and in default the instrument appointing the Proxy shall not be treated as valid. No attorney shall be entitled to vote unless the power of attorney or other instrument appointing him as attorney or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than 48 hours before the time of the meeting at which the attorney proposes to vote or is deposited at the Registered Office not less than 48 hours before the time of such meeting as aforesaid. Notwithstanding that a power of attorney of that authority has been registered in the records of the Company, the Company may by- notice in writing addressed to the Members or the attorney at least seven days before the date of a meeting require him to produce the original Power of Attorney or authority and unless the same is thereupon deposited with the Company not less than 48 hours before the time fixed for the meeting, the attorney shall not be entitled to vote at such meeting unless the Board, at its absolute discretion, excuse such non-production and deposit. Every Member entitled to vote at a meeting of the Company or on any resolution to be moved thereat shall be entitled, during the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged at any time during the business hours of the Company provided that not less than three days notice in writing of the intention to inspect is given to the Company.

105. If any such instrument of appointment be confined to the object of appointing a Proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Board may determine, in the custody of the Company and if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.

106. A vote given in accordance with the terms of an instrument of Proxy shall be valid notwithstanding the previous death of the principal or revocation of the Proxy or of any Power of Attorney under which such Proxy was signed or the transfer of Share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the Registered Office before meeting.

107. No objection shall made to the validity of the vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by Proxy not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

108. In case of ambiguity about the validity of a vote cast, the Scrutinizers shall decide the validity in consultation with the Chairman.

109. Any Member whose name is entered in the Register of Members shall enjoy the same right and be subject to the same liabilities as all other Members of the same class.

DIRECTORS

110. a) Until otherwise determined by a General Meeting the number of Directors shall not be less than 3 (Three) and no more than 15 (Fifteen)

b) Deleted*

c) Apart from the IP Representative Directors and the Rabo Representative Director, the other directors shall be independent ("Independent Directors"). The Indian Partners shall propose the names of the first three Independent Directors, who upon approval by Rabo, shall be appointed as such by the Board. Rabo and the Indian Partners may, recommend the names of the remaining Independent Directors to the nominations Committee of the Company.

For the purpose of this Article the expression "independent directors" means Directors who apart from receiving Director's remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries which in judgement of the Board may affect independence of judgement of the Director.

111. The persons hereinafter named are the first Directors of the Company ("First Directors"):

a) Ashok Kapur (IP Representative Director)
b) Rana Kapoor (IP Representative Director)
c) W.J. Kolff
d) The Board may appoint an Alternate Director to act for a Director (hereinafter in this Article called the "Original Director"), at his suggestion or otherwise, during his absence for a period of not less than three months from the state in which meetings of the Board are ordinarily held. The person to be appointed, as an Alternate Director shall be nominated by the Shareholder for whose representation the Director was appointed.

e) An Alternate Director appointed under sub-article (a) above, shall not hold office as such for period longer than permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the state in which meetings of the Board are ordinarily held.

f) If the term of office of the Original Director is determined before he so returns to the state aforesaid, any provision for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the Original and not to the Alternate Director.

112. No person shall be qualified to be a Director if his appointment is in contravention of any Law or guidelines in force or if by amendment by any Law or guidelines, his continuance in office is in contravention of such Law or guideline, registration, he shall immediately vacate his office and on such vacation he shall not be entitled to any compensation.

113. The fees payable to a Director for attending a meeting of the Board or Committee thereof shall be decided by the Board from time to time within the limits as may be prescribed by the Act or the Central Government.

114. The Board may allow and pay to any Director who is not a bona fide resident of the place where a meeting is held and who shall come to such place for the purpose of attending a meeting such sum as the Board may consider fair compensation for travelling, hotel and other expenses in addition to his remuneration as above specified and the Board may fix the remuneration to be paid to any member or members of their body constituting a Committee appointed by the Board in terms of these presents and may pay the same.

115. Subject to the provision of the said Acts if any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going out or residing at a particular place or otherwise for any of the purposes of the Company, the Company may remunerate such Directors either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above provided above.

116. The Board shall have the power, at any time and from time to time, to appoint, subject to the provisions of these presents, a person, other than a person who fails to get appointed as a Director in a General Meeting, as an Additional Director to the Board but so that the total number shall not at any time exceed maximum number fixed for the Board but any Director so appointed shall hold office only up to the date of the next Annual General Meeting of the Company or the last date on which the Annual General Meeting should have been held, whichever is earlier, and shall then be entitled for re-election.

117. Subject to the provisions of the Act, the continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company and for no other purpose.

118. a) The office of a Director shall become vacant as per the provisions contained in Section 283 of the Act and where:

i) he resigns office by notice in writing addressed to the Company or to the Board; or

ii) he becomes disqualified under Article 112 (b): or

iii) he is disqualified for being appointed as a Director under any of the provisions of either of the said Acts.

b) If the office of any Director appointed by the Company is vacated before his term of office expires in the normal course, the resulting casual vacancy may be filled by the Board of Directors at a meeting of the Board and the Directors so appointed shall hold office only upto the date on which the Director in whose place he is appointed would have held office if it had not been vacated. Such vacancy if that of the Rabo Representative Director or the IP Representative Directors shall be filled by individual(s) who shall be recommended for appointment by Rabo or the Indian Partners as the case may be.

119. a) No Director of the Company shall, as a Director take part in the discussion of, or vote on, any contract or arrangement entered into or to be entered into, by Board’s proceedings or on behalf of the Company, if he is in any way whether directly or indirectly concerned, or interested in the contract or

arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void.

b) Sub-article (a) above shall not apply to:

i) Any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or a surety for the Company;

ii) Any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company, in which the interest of the Director aforesaid consists solely; in his being a Member holding not more than two per cent of the paid-up share capital of such other company.

120. a) Subject to the provisions of the said Acts, these presents and any other Law for the time being in force, a Director of the Company may be or become a Director of any company promoted by the Company or in which he may be interested as vendor, member or otherwise and no such Director shall be accountable for any benefits received as Director or member of such other company.

b) A Director shall, at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any Company or companies or bodies corporate, firms, or other association or individuals which shall include the shareholding, in such manner as prescribed under the Act.

c) The Company shall enter the aforesaid particulars and other particulars, as prescribed, in a register kept for the purpose in conformity with Section 170 of the Act.

d) A Director shall give notice in writing to the Company of his direct or indirect interest or concern in any contract or arrangement or proposed contract or arrangement, entered into or to be entered into with a Body Corporate in which such Director or such Director in association with any other Director, holds more than two percent shareholding of that Body Corporate, or is a promoter, manager, Chief Executive Officer of that Body Corporate or, with a firm or other entity in which, such director is a partner, owner or member, as the case may be, at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting. Where a Director is not so concerned or interested at the time or entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

e) If any Director has any interest in any other company, institution, financial intermediary or any Body Corporate by virtue of his position as director or partner or with which he may be associated in any other capacity, then he shall disclose his interest to the Board.

f) Unless authorised by the Board, none of the Directors shall be empowered to bind the Company individually.

ROTATION OF DIRECTORS

121. Two of the IP representative Directors as well as the Rabo Representative Director shall not liable to retire by rotation. The other Directors shall be persons whose period of office is liable to determination by rotation and, subject to the provisions of the Act, shall be appointed by the Company in General Meeting.

122. At every Annual General Meeting of the Company other than the first Annual General Meeting, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not there or a multiple of three, then the number nearest to one-third, shall retire from office.

123. The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall (unless they otherwise agree among themselves) be determined by lot.

124. A retiring Director shall be eligible for re-election.

125. Any increase in the number of Directors except an increase which is within the permissible maximum shall not

have any effect unless approved by the Regulatory Authorities whose approval is required under any Law for the time being in force.

126. The Company shall ensure that the appointment of Directors of the Company in General Meeting and their retirement shall be in accordance with the provisions of the said Acts.

NON-EXECUTIVE CHAIRMAN AND CEO AND MANAGING DIRECTOR

127. a) Subject to the provisions of the said Acts and these presents, the Board shall include a Non-Executive Chairman (the "Chairman") and a CEO and Managing Director.

b) Deleted *

c) The CEO and Managing Director shall be entrusted with the management of the affairs of the Company subject to the Act and these Articles and he shall exercise his powers subject to the superintendence, control and direction of the Board.

d) The Chairman if he possesses qualification, knowledge, experience or expertise useful to the Company, may, in addition to the duties as Chairman, be called upon, if he is willing, to render such extra services on day to day basis, or by way of special assignment or in any other manner as the Board may decide.

e) The term for the Chairman, the CEO and Managing Director shall not exceed five years at a time, provided that the Chairman, the CEO and Managing Director should be eligible for reappointment.

f) Notwithstanding anything to the contrary, the Chairman and the CEO and Managing Director shall not be subject to retirement by rotation under Article 122 but shall, subject to the provisions of any contracts between them and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company and shall *ipso facto* immediately cease to be the Chairman, CEO and Managing Director, as the case may be, if he ceases to hold the office of Director for any cause.

g) The remuneration of the Chairman, CEO and Managing Director or whole-time Director shall (subject to Section 309 of the Act and other applicable provisions of the said Acts and these presents and of any contract between him and the Company) be fixed by the Board, from time to time and may be by way of fixed salary and/or perquisites or by any or all these modes or any other mode not expressly prohibited by the Act.

h) The appointment, reappointment, termination of appointment, remuneration payable to and other terms and conditions of service of the Chairman and the CEO and Managing Director shall be subject to the approval of the Reserve Bank and also subject to such approval as may be necessary under the Act.

WHOLE-TIME DIRECTOR

127A a) Deleted*

b) Deleted*

c) The Whole time Director/s appointed shall, subject to the supervision, direction and control of the CEO and Managing Director and subject to the provisions of these Articles, the Act and the Banking Act, exercise such powers and authority and discharge such functions and responsibilities as may be delegated to him/them by the CEO and Managing Director from time to time.

d) The term for the Whole time Director/s shall not exceed five years at a time, provided that the Whole time Director/s should be eligible for reappointment.

e) Notwithstanding anything to the contrary, the Whole time Director/s shall not be subject to retirement by rotation under Article 122 but shall, subject to the provisions of any contracts between them and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company and shall ipso facto immediately cease to be the Whole time Director/s as the case may be if he ceases to hold the office of Director for any cause.

f) The remuneration of the Whole time Director/s shall (subject to Section 309 of the Act and other applicable provisions of the said Acts and these presents and of any contract between him and the Company) be fixed by the Board, from time to time and may be by way of fixed salary and/or perquisites or by any or all these modes or any other mode not expressly prohibited by the Act.

g) The appointment, reappointment, termination of appointment, remuneration payable to and other terms and conditions of service of the Whole time Director/s shall be subject to the approval of the Reserve

Bank and also subject to such approval as may be necessary under the Act.

PROCEEDINGS OF BOARD MEETINGS

128. The Board may meet for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit.

Provided, however, that a minimum number of four (4) meetings of the Board shall be held in every year. The gap between any of the two meetings shall not be more than one hundred twenty (120) days. The Directors may adjourn and otherwise regulate their meetings as they think fit. The meetings of the Board may be called by the Secretary of the Company on instructions of any member of the Board or by the Chairman. The Directors may attend a Board meeting either in person or through video conferencing or other audio visual means, which are capable of recording and recognizing the participation of Directors and of recording and storing the proceedings of such meetings along with date and time, as may be prescribed in the Act.

129. The Chairman may, at any time, and the Manager, Secretary or such other officer of the Company as may be authorized by the Board shall, upon the requisition of a Director, convene a meeting of the Board.

130. At least seven (7) days' notice of every meeting of the Board shall be given to every Director. However, a meeting of the Board may be convened at a shorter notice to transact urgent business or in the case of an emergency or if special circumstances so warrant, subject to compliance with such condition(s), if any, prescribed under the Act..

Notice of Board meetings to all Directors shall be sent in writing by hand delivery or by post at his address registered with the Company or by electronic means or by any other means as may be prescribed by the Act.

131. The quorum for a meeting of the Board shall be one-third of its total strength excluding Directors, if any, whose places may be vacant at the time and any fraction contained in therein being rounded off as one or two Directors whichever is higher.

Provided that where at any time the number of interested Directors exceeds or is equal to two thirds of the total strength of the number of remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time.

Provided further that a Director participating in a meeting of the Board, through use of video conferencing or other audio visual means shall be counted for the purpose of quorum, notwithstanding anything contrary contained in the Articles of Association.

For the Purpose this Article:

i. "total strength" means the total strength of the Board as determined in pursuance of the Act, after deduction therefrom the number of Directors, if any, whose places may be vacant at the time:

ii. "interested Director" means any Director whose presence cannot by reason of Article 120 count for the purpose of forming a quorum at a meeting of the Board at the time of the discussion or vote on any matter.

132. a) If a meeting of the Board could not be held for want of quorum, then, unless the Directors present at such meeting otherwise decide, the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a national holiday at the same time and place.

b) The provisions of Article 129 shall not be deemed to have been contravened merely by reason of the fact that a meeting of the Board which had been called in compliance with the terms of that Article could not be held for want of a quorum.

133. a) The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of Directors, and it may from time to time revoke and substitute such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to

time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfilment of the purposes of its appointment but not otherwise, shall have the force and the effect as if done by the Board.

b) The quorum for a meeting of the Committee shall be such as may be approved by the Board subject to the provisions of the Act and in compliance with the applicable Law. The Committees shall be entitled to appoint consultants, to assist the Committees in discharge of their functions. Provided that all the decisions of the Committees shall be taken only by the vote of the Directors as members of the Committees.

c) All meetings of the Committees shall be presided over by a chairman, who shall be any one of the Directors of the relevant Committee.

134. The meetings and proceedings of any such Committee shall be governed by the provisions of these presents for regulating the meetings and proceedings of the Board, so far as the same are applicable thereto and are not superseded by any regulations made by the Board under Article133 (a).

135. a) All meetings of the Board shall be presided over by the Chairman and in his absence the CEO and Managing Director. If at any meeting the Chairman and the CEO and Managing Director are not present within fifteen minutes of the time appointed for holding the same, the Directors present shall choose one of the other Directors to be the Chairman of such meeting.

b) Each member of the Board of Directors shall be entitled to cast one vote with respect to any matter to be decided by the Board of Directors. A resolution of the Board of Directors shall be adopted by the affirmative vote of the majority of the Directors present at a meeting at which a quorum of the Board of Directors is present.

136. The meeting of the Board for the time being at which quorum is present, shall be able to exercise all or any of the authorities, powers and discretion which by or under the Act or these presents are vested in or exercisable by the Board generally.

137. All acts done by any meeting of the Board or of a Committee thereof or by any person acting as a Director, shall be valid notwithstanding that it may be afterwards discovered that the appointment of any one or more of such Directors or of any person acting as aforesaid was invalid by reason of defect or disqualification or had terminated by virtue of any provision contained in the Act or these presents. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

138. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or to all the members of the Committee, as the case may be, at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be prescribed and has been approved by such of the Directors or by a majority of such of them, as are entitled to vote on the resolution.

A resolution by circulation shall be as valid and effectual as a resolution duly passed at a meeting of the Directors called and held in accordance with the provisions of The said Acts and these Articles, provided it has been circulated in draft form, together with the relevant papers, if any, to all the Directors, whether resident in India or abroad, and has been approved by a majority of the Directors entitled to vote thereon.

139. a) If the requirements as to the constitution of the Board as laid down in any of the said Acts are not fulfilled at any time, the Board shall reconstitute such Board so as to ensure that such requirements are fulfilled.

b) If, for the purpose of reconstituting the Board under sub-article (a) above, it is necessary to retire any Director or Directors, the Board shall, by lots drawn at a Board Meeting, decide which Director or Directors shall cease to hold office and any such decision shall be binding on every Director.

c) Every Director, if he is appointed under any casual or other vacancy, shall hold office until the date up to which his predecessor would have held office, if the election had not been held or, as the case may be, the appointment had not been made.

d) No act or proceeding of the Board shall be invalid by reason only of any defect in the composition thereof or on the ground that it is subsequently discovered that any of its Members did not fulfill the requirements of this Article.

140. a) Subject to the provisions of the said Acts, the Board shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorized to exercise and do.
Provided that the Board shall not exercise any power to do any act or thing which is directed or required, by any act or by the Memorandum or Articles of the Company or otherwise, to be exercised or done by the Company in General Meeting.

Provided further that in exercising any such power or doing any such act or thing the Board shall be subject to the provisions contained in that behalf in the Act or in the Memorandum or Articles of the Company

b) No Regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that Regulation had not been made.

ESTABLISHMENT OF RESERVE FUND

141. The Company shall create a Reserve Fund and shall, out of the balance of profit of each year as disclosed in the Profit and Loss Account and before any dividend is declared, transfer to the Reserve Fund a sum equivalent to not less than a percentage of profit as may be specified by the Banking Act.

DIVIDENDS

142. The profit of the Company, subject to the provisions of the Act, the Memorandum and these presents, shall be divisible among the Members in proportion to the amount of capital paid-up on the Shares held by them, respectively. Provided that the dividend payable on any Preference Shares issued by the Company shall be in accordance with the terms of issue of such Preference Shares.

143. Where capital is paid up in advance of calls upon the footing that the same shall carry interest such capital shall not, whilst carrying interest confer a right to dividend or to participate in profits.

144. The Company may pay dividends in proportion to the amount paid up or credited as paid up on each Share where a larger amount is paid up or credited as paid up on some Shares than on others.

145. a) The Company, before declaring any dividend on its Shares for each year, shall transfer to Reserve Fund an amount specified in these presents and required by or under any directions issued under the said Acts and shall also completely write off all its capitalized expenses (including preliminary expenses, organization expenses, share-selling commission, brokerage, amount of losses incurred and any other item of expenditure not represented by tangible assets).

b) Provided, however, that the Company may pay dividends on its Shares without writing off:

i. the depreciation, if any, in the values of its investments in approved securities in any case where such depreciation has not actually been capitalized or otherwise accounted for as a loss,
ii. the depreciation, if any, in the value of its investments in Shares, debentures or bonds (other than approved securities) in any case where adequate provision for such depreciation has been made to the satisfaction of the auditor of the Company; and
iii. the bad debts, if any, in any case where adequate provision for such debts has been made to the satisfaction of the Auditors of the Company.

146. The Company, in General Meeting may, subject to the provisions of the said Acts, declare a dividend to be paid to the Members according to their respective rights and interests in the profits and may fix the time for payment.

147. No larger dividend shall be declared than is recommended by the Board but the Company in General Meeting

may declare a smaller dividend. Subject to the provisions of Section 123 of the Act, no dividend shall be payable except out of the profits for the year or from its Free Reserves. The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

148. Subject to the provisions of the said Acts and these presents, the Board may, from time to time, pay to the Members such interim dividends, as in their judgment the position of the Company justifies. Such interim dividend may be declared at any time.

149. Subject to the provisions of the said Acts, the Board may retain the dividends payable in respect of which any person is, under the Transmission Clause, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member in respect of such Shares or shall duly transfer the same.

150. Subject to the provisions of the said Acts, no Member shall be entitled to receive payment of any interest or dividend in respect of his Share or Shares whilst any money may be due or owing from him to the Company in respect of such Share or Shares or otherwise, howsoever either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.

151. Where any instrument of transfer of Shares has been delivered to the Company for registration and the transfer of such Shares has not been registered by the Company, it shall, notwithstanding anything contained in any other provision of the Act:

a) Transfer the dividend in relation to such Shares to the special account referred to in the Act unless the Company is authorized by the registered holder of such Shares in writing to pay such dividend to the transferee specified in such instrument of transfer; and
b) Keep in abeyance in relation to such Shares, any offer of rights Shares or issuance of bonus Shares under the provisions of the Act.

152. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost by the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

153. a) Subject to the provisions of Sub-section (1) of Section 124 of the Act, if the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration to any Shareholder entitled to the payment of the dividend, the Company shall, within seven days from the date of expiry of said period of 30 days, transfer the total amount of dividend which remains unpaid or unclaimed within said period of 30 days to a special account in that behalf in any scheduled bank.

b) Any money transferred to the Unpaid Dividend Account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company along with interest accrued, if any, thereon to the Fund established under the Act. A claim to any money so transferred to such fund may be preferred by the Shareholders to whom the money is due as prescribed under the Act or rules made thereunder. No unclaimed dividend shall be forfeited till the claim thereto becomes barred by Law.

154. Any General Meeting declaring a dividend may make a call on the Members in respect of moneys unpaid on Shares for such amount as the meeting fixes but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the Members, be set off against the call.

155. No dividend shall be payable except in cash.

Provided that nothing in this Article shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by the Members of the Company.

156. a) Any General Meeting may resolve that any moneys, investments or other assets forming part of the dividend profits standing to the credit of the reserve or reserve fund or any other fund of the Company or in the hands of the Company and available for dividend or representing premiums received on the issue of Shares and standing to the credit of the share premium account be capitalized:

i) by the issue and distribution as fully paid up Shares, debentures, debenture stock, bonds or other obligations of the Company; or

ii) by crediting Shares of the Company which may have been issued to and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.

b) Such issue and distribution under (i) above and such payment to the credit of unpaid share capital under (ii) above shall be made to among and in favour of the Members or any claim of them or any of them entitled thereto and in accordance with their respective rights and interest and in proportion to the amount of capital paid up on the Shares held by them, respectively, in respect of which such distribution under (i) or payment under (ii) above shall be made on the footing that such Members become entitled thereto as capital. The Board shall give effect to any such solution and apply such portion of the profits or reserve or reserve fund or any other fund on account as aforesaid as may be required for the purpose of making payment in full for the Shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under (i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the Shares which may have been issued and are not fully paid up under (ii) above.

c) Provided that no such distribution or payment shall be made unless recommended by the Board and, if so recommended, such distribution and payment shall be accepted by such Members as aforesaid in full satisfaction of their interest in the said capitalized sum.

d) For the purpose of giving effect to any such resolution, the Board may settle any difficulty which may arise to the distribution or payment as aforesaid as they think expedient and, in particular, they may issue fraction certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any Members on the footing of the value so fixed and may vest any such cash, Shares, debentures, debenture stock, bonds or other obligations in trustees upon such trusts for the persons entitled thereto as may deem expedient to the Board and generally may make such arrangements for the acceptance, allotment and sale of such Shares, debentures, debenture stock, bonds or other obligations and fractional certificates or otherwise as they may think fit. Subject to the provisions of the Act and these presents, in cases where some of the Shares of the Company are fully paid and others are partly paid, only such capitalization may be effected by the distribution of further Shares in respect of the fully paid Shares and by crediting the partly paid Shares with the whole or part of the unpaid liability thereon but so that as between the holders of the fully paid Shares and the partly paid Shares the sums so applied in the payment of such further Shares and in the extinguishments or diminution of the liability on the partly paid Shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid Shares, respectively. When deemed requisite, a proper contract shall be filed in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the holders of the Shares of the Company which shall have been issued prior to such capitalization and such appointment shall be effective.

ACCOUNTS

157. a) The Board shall cause true accounts to be kept of:

i. all sums of money received and expended by the Company and the matters in respect of which such receipt and expenditure takes place;

ii. the assets, credits and liabilities of the Company and generally of all its commercial, financial and other affairs, transactions and engagements and of all other matters, necessary for showing the true financial state and condition of the Company and the accounts shall be kept in English in such manner as the Board may deem fit and the books of accounts shall be kept at the Registered Office and/or at such other place or places in India as the Board thinks fit and shall be open to inspection by any of the Directors and such other persons authorized under the Act during business hours.

b) If the Company shall have a branch office, whether in or outside India, proper books of account relating to the transactions effected at the office shall be kept at that office and proper books of accounts relating to the transactions effected at the office shall be kept at that office and proper summarized returns, made upto date at intervals of not more than three months, shall be sent by the branch office to the Company at its Registered Office or other place in India as the Board thinks fit, where the main books of the Company are kept.

158. Once at least in every calendar year the Board shall lay before the Company in Annual General Meeting, a Profit and Loss Account for the Financial Year of the Company immediately preceding the Financial Year in which such meeting is held and a balance sheet containing a summary of the assets and liabilities of the company made up as at the end of the last working day of that Financial Year or in case where an extension of time has been granted for holding the meeting up to such extended time and every such Balance Sheet, shall as required by Section 134 of the Act, be accompanied by a report (to be attached thereto) of the Board as to the state and condition of the Company and as to the amount (if any) which they recommend to be paid out of the profits by way of dividend and the amount (if any) set aside by them for the reserve fund, general reserve or reserve account shown specifically in the Balance Sheet or to be shown specifically in a subsequent Balance Sheet.

159. Every Balance Sheet and Profit and Loss Account of the Company shall give a true and fair view of the state of affairs of the Company or its branch office and shall, subject to the provisions of Section 129 and 133 of the Act and to the extent they are not inconsistent with the Act, be in the forms set out in the Third Schedule of the Banking Act or as near thereto as circumstances admit.

160. The Balance Sheet and the Profit and Loss Account shall be signed by at least three Directors, one of whom shall be a Managing Director or when only one Director is for the time being in India, by such Director and by the Manager or Secretary. The Balance Sheet and the Profit and Loss Account shall be approved by the Board before they are signed on behalf of the Board in accordance with provisions of this Article and before they are submitted to the Auditors of their Report thereon. The Auditors' Report shall be attached to the Balance Sheet and the Profit and Loss Account or there shall be inserted at the foot of the Balance Sheet and the Profit and Loss Account a reference to the Report. A copy of such Balance Sheet and the Profit and Loss Account so audited together with a copy of the Auditors' Report and every other document required by Law to be annexed or attached to the Balance Sheet shall not less than 21 days before meeting at which the same are to be laid before the Members of the Company, be subject to provisions of Section 136 of the Act, sent to every trustee for the holders of any debenture and all persons other than such members or Trustees, being so entitled.

161. a) The Books of Accounts of the Company shall be maintained in pursuance to the provisions of the Act, the Banking Act and other laws as applicable and as per the accounting standards and guidelines as prescribed by The Institute of Chartered Accountants of India (ICAI) or other regulatory bodies, from time to time, as may be applicable.

b) The Board shall from time to time and subject to the provisions of the Act, the Banking Act and other applicable Laws, determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of the Members, not being Directors.

c) No Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by applicable Law or authorised by the Board or by the Company in a General Meeting.

AUDIT

162. At least once in every year, the accounts of the Company shall be balanced and audited and the correctness of the Profit and Loss Account and Balance Sheet ascertained by one or more Auditor or Auditors to be

appointed as required by the said Acts.

163. The appointment and the removal of Auditors and the person who may be appointed as the Auditors shall be as provided in Sections 139, 140, 141 and 142 of the Act and rules made thereunder, and Section 30 and other relevant provisions of the Banking Act.

164. The Auditor of the branch office, if any, of the Company shall be appointed, by and in the manner provided by Section 228 of the Act.

165. The remuneration of the Auditors of the Company shall be fixed by the Company in General Meeting or by the Board, if so authorized by the Company in General Meeting except that the remuneration of any Auditors appointed to fill any casual vacancy, may be fixed by the Board and where his appointment has been made by the Central Government or Reserve Bank, pursuant to Article 163, may be fixed by the Central Government or the Reserve Bank.

166. Every Auditor of the Company shall have a right of access at all times to the book and accounts and vouchers of the Company and shall be entitled to require from the Board and officers of the Company such information and explanations as may be necessary for the performance of the duties of the Auditors and the Auditors shall make a Report to the Shareholders, of the accounts examined by them and on every Balance Sheet and the Profit and Loss Account and every other document declared by the Act to be part of or annexed to the Balance Sheet and the Profit and Loss Account which are laid before the Company in General Meeting during their tenure of office and the Report shall state whether in their opinion and to the best of their information and according to the explanations given to them the said accounts give the information required by the said Acts in the manner so required and give a true and fair view;

a) in the case of the Balance Sheet, of the state of the Company's affairs as at the end of its Financial Year; and
b) in the case of the Profit and Loss Account of the profit or loss for Financial Year. The Auditor's Report shall also state;
    i. whether they had sought and obtained all the information and explanations which to the best of their knowledge and belief were necessary for the purpose of their audit and if not, the details thereof and the effect of such information on the financial statements;
    ii. whether, in their opinion, proper books of account as required by Law have been kept by the Company so far as appears from the examination of those books and proper returns adequate for the purposes of their audit have been received from branches not visited by them;
    iii. whether the report on the accounts of any branch office of the Company audited under sub-section 143(8) of the Act by a person other than the Company's Auditor has been sent to them under the proviso to that sub-section and the manner in which they have dealt with it in preparing their report;
    iv. whether the Company's Balance Sheet and Profit and Loss Account dealt with in the report are in agreement with the Books of Account and returns;
    v. whether, in their opinion, the financial statements comply with the accounting standards; as applicable
    vi. the observations or comments of the Auditors on financial transactions or matters which have any adverse effect on the functioning of the Company;
    vii. whether any Director is disqualified from being appointed as a director under sub-section (*2*) of section 164 of the Act;
    viii. any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith;

The Auditor's Report shall be attached to the Balance Sheet and the Profit and Loss Account or set out at the foot thereof and such Report shall be read before the Company in General Meeting and shall be open to inspection by any Member of the Company.

167. All notices of and other communications relating to any General Meeting of a Company which any Member of the Company is entitled to have sent to him shall also be forwarded to Auditors of the Company; and the Auditors shall be entitled to attend any General Meeting and to be heard at any General Meeting which they attend or any part of the business which concerns them as Auditors.

168. In addition to the matter which under the preceding Article the Auditor is required to state in his Report he shall also state in his Report:

i) whether or not the information and explanation required by him have been found to be satisfactory;
ii) whether or not the transactions of the Company which have come to his notice have been within the powers of the Company;
iii) whether or not the returns received from branch offices of the Company have been found adequate for the purpose of his Audit;
iv) whether the Profit and Loss Account shows a true balance (profit or loss) for the period covered by such accounts;
v) any other matter which he considers should be brought to the notice of the Shareholders of the Company.

169. Where any of the matters referred in the Act hereof is answered in the negative or with a qualification, the Auditor's Report shall state the reason for the answer.

170. The accounts of the Company shall not be deemed as not having been and the Auditors Report shall not state that those accounts have not been properly drawn up on the ground merely that the Company has not disclosed certain matters if;

i) those matters are such as the Company is not required to disclose by virtue of any provisions contained in the said Acts; and
ii) those provisions are specified in the Balance Sheet and the Profit and Loss Account of the Company.

171. Every account, when audited and approved by a General Meeting shall be conclusive except as regard any error discovered therein within three months after the approval thereof. Whenever any such error is discovered within that period, the account shall forthwith be corrected and henceforth shall be conclusive.

NOTICES

172. a) A notice (which expression for the purposes of these presents, shall be deemed to include and shall include any summon, notice, process, order, judgment or any other document in relation to or in the winding up of the Company) may be given by the Company to any Member by sending it to him by post or by registered post or by speed post or by courier or by delivering at his office or address, or by such electronic means or other mode as prescribed in the Act.

b) Where a Member has intimated to the Company in advance that documents and/or notice should be sent to him through a particular mode and has deposited with the Company a sum as determined by the Company in its Annual General Meeting, no service of the document or notice shall be deemed to be effected unless it is sent in the manner intimated by the Member.

173. If a Member has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him, a notice advertised in a newspaper circulating in the neighbourhood of the Registered Office shall be deemed to be duly given to him on the day on which the advertisement appears.

174. A notice may be given by the Company to the persons entitled to a Share in consequence of the death or insolvency of a Member by sending it to him by post or by registered post or by speed post or by courier or by delivering at his office or address, or by such electronic means or other mode as prescribed under the Act, and addressed to them by name or by the title of representatives of the deceased or assignee of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled or (until such an address has been so supplied) by giving the notice in any manner in which the same

might have been given if the death or insolvency had not occurred.

175. Subject to the provisions of the Act and these presents, notice of every General Meeting shall be given in any manner hereinbefore authorized to:

i) every Member of the Company, legal representative of any deceased member or the assignee of an insolvent member;
ii) the Auditor or Auditors of the Company.; and
iii) every Director of the Company.

176. Any notice to be given by the Company shall be signed by the Secretary or by such Director or officer as the Board may appoint. Such signature may be written, printed or lithographed.

177. Every person who, by operation of Law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every notice in respect of such Share, which previously to his name and address and title to the Share being notified to the Company shall have been duly given to the person from whom he derives his title to such Share.

178. Subject to the provisions of the Act and these presents, any notice given in pursuance of these presents or document delivered or sent by registered post or speed post or by courier service or left at the registered address of any Member or at the address given by him in pursuance of these presents or by means of such electronic or other mode as may be prescribed under the Act, shall notwithstanding that such Member be then deceased and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered Share, whether held solely or jointly by other persons by such Member until some other person be registered in his stead as the holder or the joint holder thereof and such service shall, for all purposes of these presents, be deemed sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any jointly interested with him or her in any such Share.

WINDING UP

179. Subject to the provisions of the Banking Act and Chapter XX of the Act (to the extent to which they are not varied or inconsistent with the Banking Act)

(i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

SECRECY CLAUSE

180. No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises or works of the Company without the permission of the Board or to require discovery of or any information respecting any detail of the Company’s trading or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which, in the opinion of the Board of Directors, will be inexpedient in the interest of the Company to communicate the same.

Every Director, Manager, Secretary, auditor, trustee, member of committee, agent, officer, servant, accountant or other person employed in the business of the Company shall, when required, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company with the customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required so to do by the Board or by any meeting of the Share holders or by a Court of Law, or by the person to whom the matters relate and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

INDEMNITY AND RESPONSIBILITY

181. a) Every officer of the Company shall be indemnified out of the assets of the Company or, to the extent permitted by law, by way of insurance obtained by the Company, against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

b) Subject to as aforesaid, every Director, officer, other employee or Auditor of the Company shall be indemnified against any liability incurred by him in defending any proceedings whether civil or criminal, in which judgment is given in his favour or in which he is acquired or discharged in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and subsisting contracts which have been entered or are to be entered into by our Bank (not being contracts entered into in the ordinary course of business carried on by our Bank) which are or may be deemed material have been attached to the copy of the Red Herring Prospectus filed with the RoC. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, were made available on the website of our Bank at https://www.yesbank.in/about-us/investors-relation/relevant-disclosure from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so, required in the interest of our Bank or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

A. Material Contracts for the Offer

1. Registrar Agreement dated July 4, 2020 entered into between our Bank and the Registrar to the Offer.

2. Offer Agreement dated July 7, 2020 entered into between our Bank and the BRLMs.

3. Cash Escrow and Sponsor Bank Agreement dated July 7, 2020 entered into between our Bank, the Registrar to the Offer, the BRLMs, Syndicate Members, and the Banker(s) to the Offer.

4. Syndicate Agreement dated July 7, 2020 entered into between our Bank, the BRLMs, the Syndicate Members and the Registrar to the Offer.

5. First Underwriting Agreement dated July 7, 2020 entered into between our Bank, SBI Capital Markets Limited and the Registrar.

6. Second Underwriting Agreement dated July 18, 2020 executed between our Bank and the Underwriters.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Bank as amended until date.

2. Certificate of incorporation dated November 21, 2003 under the Companies Act, 1956.

3. Certificate of commencement of business issued to our Bank on January 21, 2004.

4. License issued by the RBI to commence banking operations in India on May 24, 2004.

5. Letter dated September 2, 2004 issued by RBI, including our Bank in the second schedule of the RBI Act with effect from August 21, 2004 and a corresponding notification published in the Official Gazette of India (Part III – Section 4) on August 16, 2004.

6. Prospectus dated June 24, 2005, issued by the Bank with respect to its IPO of equity shares of face value of ₹ 10 each.

7. Resolutions of the Board of Directors dated January 10, 2020 and March 26, 2020 in relation to the Offer and other related matters.

8. Resolutions of the Shareholders dated February 7, 2020, and May 22, 2020 approving the Offer.

9. Approval dated June 24, 2020, issued by the Reserve Bank of India, for the payment of fixed pay to the Managing Director and Chief Executive Officer.

10. Resolution of the Capital Raising Committee of the Board dated July 7, 2020 approving the Red

Herring Prospectus.

11. Resolution of the Board dated July 18, 2020 approving this Prospectus.

12. Yes Bank Limited Reconstruction Scheme 2020 notified on March 13, 2020.

13. Consent dated July 3, 2020, from the Statutory Auditors namely, B S R & Co. LLP, Chartered Accountants to include their name as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as a Statutory Auditor and for the inclusion of their (i) examination reports dated July 3, 2020 on the Restated Consolidated Financial Information and Restated Standalone Financial Information of the Bank as of and for the year ended March 31, 2020, March 31, 2019 and March 31, 2018, and (ii) their report on the "Statement of Tax Benefits" dated July 18, 2020, included in this Prospectus, and such consent has not been withdrawn as on the date of this Prospectus.

14. Copies of the annual reports of our Bank for Fiscals 2017, 2018 and 2019.

15. Consents of our Directors, BRLMs, Syndicate Members, legal counsel to our Bank as to Indian law, legal counsel to the BRLMs as to Indian law, international legal counsel to the BRLMs, Registrar to the Offer, Banker(s) to the Offer, Sponsor Bank, and the Company Secretary and Compliance Officer as referred to in their specific capacities.

16. Due diligence certificate dated July 9, 2020 addressed to SEBI from the BRLMs.

17. In-principle listing approvals dated July 7, 2020 and July 6, 2020 issued by BSE and NSE, respectively.

18. Tripartite agreement dated June 9, 2004 among our Bank, Registrar to the Offer and NSDL.

19. Tripartitie agreement dated March 17, 2005 among our Bank, Registrar to the Offer and CDSL.

20. SEBI letter dated June 9, 2020 and bearing reference no. SEBI/HO/CFD/CMD1/OW/2020 pursuant to Regulation 31A of the SEBI Listing Regulations.

21. Approvals issued by the Stock Exchanges, each dated June 12, 2020, pursuant to Regulation 31A of the SEBI Listing Regulations pursuant to Regulation 31A of the SEBI Listing Regulations.

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the rules, guidelines or regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

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Sunil Mehta
(Non-executive Chairman)

Place: Mumbai

Date: July 18, 2020

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the rules, guidelines or regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

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Prashant Kumar
(Managing Director and Chief Executive Officer)

Place: Mumbai

Date: July 18, 2020

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the rules, guidelines or regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

Mahesh Krishnamurti
(Non-executive Director)

Place: Mumbai

Date: July 18, 2020

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the rules, guidelines or regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

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Atul Chunilal Bheda
(Non-executive Director)

Place: Mumbai

Date: July 18, 2020

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the rules, guidelines or regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

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Rama Subramaniam Gandhi
(Additional Director)

Place: Bangalore

Date: July 18, 2020

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the rules, guidelines or regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

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Ananth Narayan Gopalakrishnan
(Additional Director)

Place: Mumbai

Date: July 18, 2020

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the rules, guidelines or regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

Partha Pratim Sengupta
(Non-Executive Director-Nominee Director of State Bank of India)

Place: Mumbai

Date: July 18, 2020

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the rules, guidelines or regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

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Swaminathan Janakiraman
(Non-Executive Director - Nominee Director of State Bank of India)

Place: Mumbai

Date: July 18, 2020

DECLARATION

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the rules, guidelines or regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE GROUP CHIEF FINANCIAL OFFICER

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Anurag Adlakha

Place: Mumbai

Date: July 18, 2020