



ANNUAL REPORT 2012-13

Say YES to Balanced Growth





What's Inside?

CORPORATE OVERVIEW

1-35

Balanced Growth	1
About Us	2
Financial Highlights	4
Managing Director and CEO's communiqué	6
Retail Growth	10
Growth in Corporate Banking	12
Growth through Knowledge	14
Growth through Partnerships	16
Growth through Innovation	18
Growth through Risk Management	20
Growth through Responsible Banking	22
Growth through Human Capital	24
Growth through Technology	26
Awards and Accolades	28
Board of Directors	30
Management Team	31

SUSTAINABILITY REVIEW

36-63

Sustainability Disclosures	36
Annual Business Responsibility Report	56

STATUTORY REPORTS

64-97

Management Discussion and Analysis	64
Directors' Report	82
Report on Corporate Governance	87

FINANCIAL STATEMENTS

98-185

Standalone Financial Statements

Independent Auditors' Report	98
Balance Sheet	100
Profit and Loss Account	101
Cash Flow Statement	102
Schedules	104

Consolidated Financial Statements

Independent Auditors' Report	145
Consolidated Balance Sheet	146
Consolidated Profit and Loss Account	147
Consolidated Cash Flow Statement	148
Schedules	150

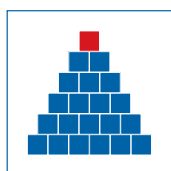
Disclosures under Basel II (Standalone)

170



Balanced Growth

YES BANK's Version 2.0 Vision & Strategy (2010-2015) is characterised by granularity and scalability.



Balanced Growth aims to achieve a greater balance of businesses across various segments of the Bank. Our knowledge-driven approach

of focusing on the "Future Industries of India" and creatively using technology to innovate customer services for all segments of the population, underscores our commitment to achieve a Balanced Growth for India.



Our knowledge-driven strategy allows us deep and wide insights across multiple sectors: Food & Agriculture, Infrastructure, Healthcare &

Life Sciences, Communications & Technology, Media & Entertainment, Environment & Sustainability and Education & Social Infrastructure.

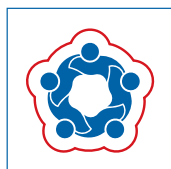


Since inception, we have evolved a comprehensive balance in the way we manage our portfolio (deposits and liabilities), innovate

on customer-centric products and service offerings and drive sectoral and geographic penetration. This has enabled us to emerge as one of the leading private banks of India for institutional and retail customers.



By focusing our banking excellence to help drive economic opportunities, we endeavour to create sustainable value for all stakeholders.



Our human capital, processes, systems & controls, technology infrastructure, risk management, culture of innovation and governance

have been aligned to strengthen our industry position and facilitate a fine balance between business priorities and social interventions.

About Us

At YES BANK, our differentiation begins with a simple word 'Yes'

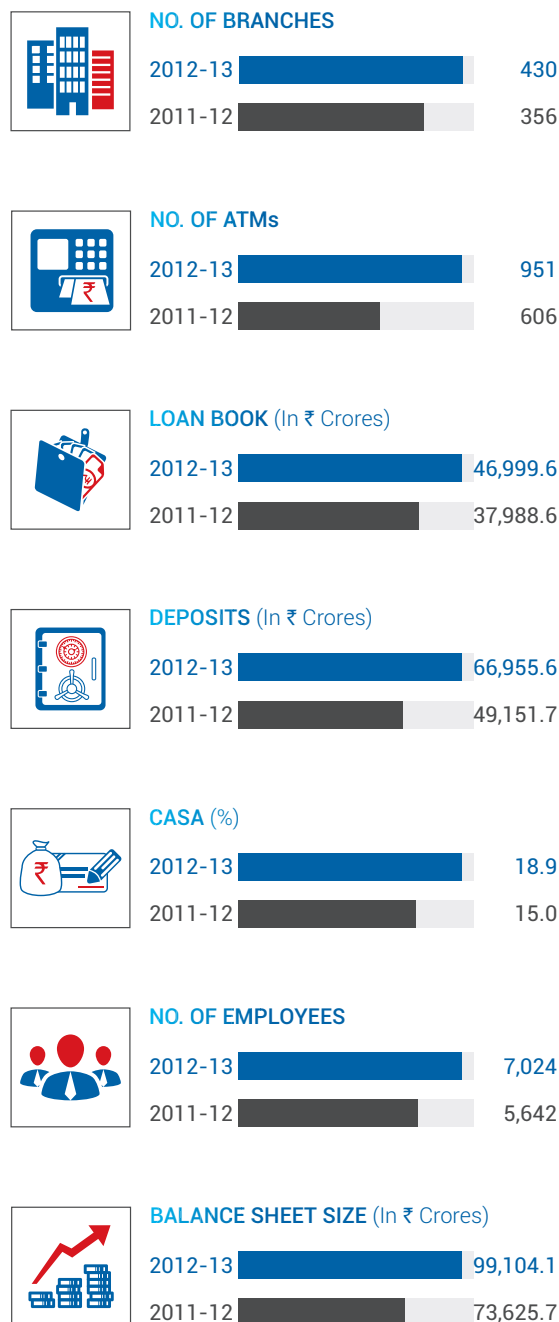
'YES' represents our true spirit of being service-oriented. This spirit is supported by key facets, which distinguish us from our peers. These facets comprise knowledge, human capital, technology and responsibility.

We are India's fourth largest private sector bank. We have steadily built a full-service commercial bank with Corporate, Retail and SME Banking platforms, with a comprehensive product suite of Financial Markets, Investment Banking, Corporate Finance, Branch Banking, Business and Transaction Banking and Wealth Management.

Vision

YES BANK's vision is to become the 'Best Quality Bank of the World' in India and evolve its organisational ethos into the "Professionals' Bank of India".

Quick Facts



Stock Information

Bombay Stock Exchange (BSE)
BSE Code **532648**

National Stock Exchange (NSE)
NSE Code **YESBANK**

ISIN
INE528G01019



YES BANK Version 2.0

Building the Best Quality Bank of the World in India

YES BANK is committed to its long-term vision of Building the Best Quality Bank of the World in India through utmost dedication, passion and commitment, backed by a highly differentiated financial and business model to achieve robust and sustained growth. Since inception in 2004, we have crossed many significant milestones that stand testimony to our Innovation and Excellence in creating a new paradigm in Indian Banking.

On April 1, 2010, we embarked on an ambitious journey into the next phase of growth and launched YES BANK – VERSION 2.0, which is clearly the most stimulating phase in the life cycle of YES BANK with an objective of establishing 900 branches, 2,000 ATMs, 12,750 employees, a ₹ 125,000 Crores deposit base, a ₹ 100,000 Crores loan book and a ₹ 150,000 Crores Balance Sheet size by 2015.

2012-13 marked the third year of an ambitious journey to achieve level-next growth. During the year, we have taken major strides to achieve our target, and are suitably positioned for another year of well balanced growth. Today, we have established 430 branches and over 950 ATMs and have an approximately ₹ 67,000 Crores deposit base, a ₹ 47,000 Crores loan book and a ₹ 100,000 Crores Balance Sheet, while maintaining pristine asset quality and class leading shareholder returns.

Brand Pillars

At YES BANK, balanced growth is supported by our five Brand Pillars:

Growth: YES BANK's core promise of growth for stakeholders is represented through 'Say YES to Growth!'

Trust: YES BANK's leadership team is of the highest pedigree with a demonstrated track record reinforcing our motto: 'Say YES to Trust!'

Human Capital: YES BANK has adopted a knowledge-driven, entrepreneurial management approach and offers financial solutions beyond the traditional realm of banking. YES BANK's top quality Human Capital represents the finest talent in the Indian banking sector.

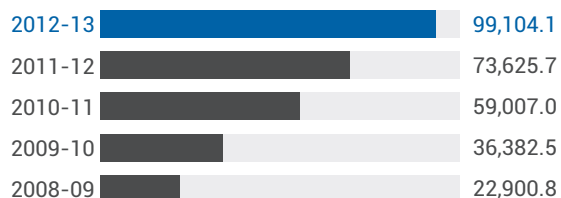
Technology: YES BANK is establishing the highest standards in customer service by adopting cutting-edge, innovative technology. The only thing constant about technology used at YES BANK is evolution.

Transparency and Responsible Banking: YES BANK considers Transparency and Accountability to be of utmost importance. YES BANK has established one of the most stringent Corporate Governance norms, and is committed to Responsible Banking by focusing on Sustainability and Social Responsibility.

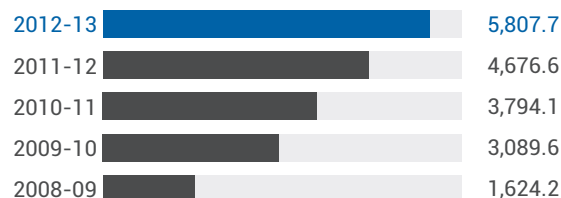
Financial Highlights



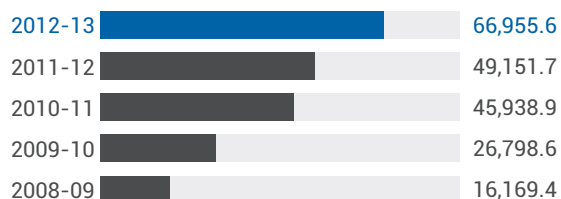
TOTAL ASSETS (₹ in Crores)



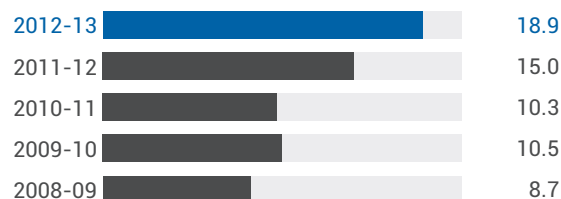
SHAREHOLDER FUNDS (₹ in Crores)



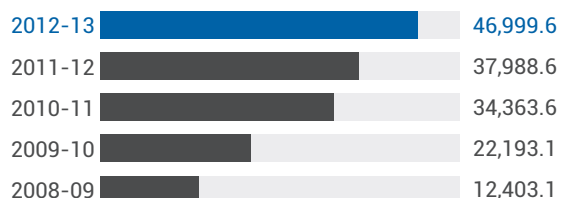
DEPOSITS (₹ in Crores)



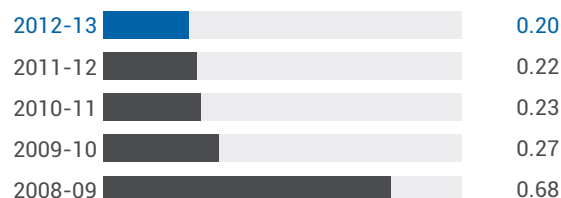
CASA RATIO (%)



ADVANCES (₹ in Crores)



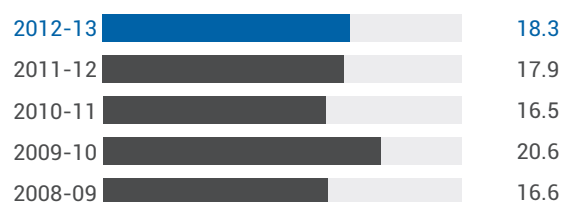
GROSS NPA (%)



NET NPA (%)



CAPITAL ADEQUACY RATIO (CAR) (%)




NET INTEREST INCOME
(₹ in Crores)

2012-13		2,218.8
2011-12		1,615.6
2010-11		1,246.9
2009-10		788.0
2008-09		509.3


NON-INTEREST INCOME
(₹ in Crores)

2012-13		1,257.4
2011-12		857.1
2010-11		623.3
2009-10		575.5
2008-09		436.9


NET PROFIT
(₹ in Crores)

2012-13		1,300.7
2011-12		977.0
2010-11		727.1
2009-10		477.7
2008-09		303.8


NET INTEREST MARGIN
(%)

2012-13		2.9
2011-12		2.8
2010-11		2.9
2009-10		3.1
2008-09		2.9


COST INCOME RATIO
(%)

2012-13		38.4
2011-12		37.7
2010-11		36.4
2009-10		36.7
2008-09		42.7


RETURN ON ANNUAL AVERAGE ASSETS
(%)

2012-13		1.5
2011-12		1.5
2010-11		1.5
2009-10		1.6
2008-09		1.5


RETURN ON EQUITY
(%)

2012-13		24.8
2011-12		23.1
2010-11		21.1
2009-10		23.7
2008-09		20.7


BASIC EARNINGS PER SHARE
(₹)

2012-13		36.5
2011-12		27.9
2010-11		21.1
2009-10		15.7
2008-09		10.2

Managing Director and CEO's Communiqué



RANA KAPOOR
Managing Director & CEO

Dear Shareholders,

When I wrote to you last, the global economic recovery was witnessing deceleration in growth momentum, led by intensification of the Eurozone crisis and the fiscal cliff facing the US policymakers. While macroeconomic conditions have not seen any significant improvement since then, global economic prospects have somewhat improved. By providing abundant monetary support, the European Central Bank has reduced tail risks in the region. US economy, while managing to avoid the fiscal cliff and resorting to steady fiscal consolidation, has shown improvement in key macroeconomic indicators. On the other hand, Japan, after several years of deflation and minimal growth, is forging a recovery path of its own. In contrast to advanced economies, growth remains relatively resilient in emerging economies, but there is a need for policies to be recalibrated to rebuild buffers and guard against financial vulnerabilities in these economies.

In India, growth was challenged in the fiscal year gone by, coming in at a decadal low of 5%. A host of factors, including high interest rates, elevated global crude oil prices, rising cost of inputs, lack of domestic policy traction and a deteriorating global environment, saw the GDP growth slip successively, with the two lynchpins of growth - Investment and Consumption - remaining weak. Additionally, inflation remained elevated through much of the year, accompanied by heightened concerns on external account, as Current Account Deficit (CAD) to GDP ratio soared to a record high. Amidst this backdrop, the Reserve Bank of India (RBI) found itself in the midst of conflicting demands of managing growth versus price stability. The recent moderation in both Wholesale Price Index (WPI) and core inflation created space for the Central Bank to shift stance decisively towards addressing growth, as it delivered a 50 bps cut between January-March 2013.

The outlook for FY 2013-14 for the Indian economy appears cautiously optimistic. The recent moderation in global commodity prices is expected to augur well for both inflation and CAD. Additionally, the Government's continued commitment towards fiscal and administrative reforms, along with expeditious execution, are bound

to improve growth prospects, while creating further headroom for RBI to ease policy rates in FY 2013-14. This consonance between fiscal and monetary policy action should create enablers to usher in a sustainable turnaround for the Indian economy in FY 2013-14.

Following the Balanced Growth Mantra

At YES BANK, we are committed to a Vision and Strategy of balanced growth in these demanding times. We are consistently focusing on building scalability and granularity in the various business segments through a robust branch-banking model, while augmenting our high quality human capital.

Despite a challenging macroeconomic environment in FY 2012-13, we have continued to deliver consistent results focusing on execution as a part of our balanced growth strategy. It has enabled us to achieve highly satisfactory results and generate significant value for stakeholders. The Bank has continued to deliver on all key parameters across all four quarters. In short, it has been a rewarding journey in FY 2012-13. The Bank's total interest income increased to ₹ 8,294.0 Crores from ₹ 6,307.4 Crores in the previous year, a growth of 31.5%. Similarly, operating profit registered a 39.1% growth to reach ₹ 2,141.7 Crores from ₹ 1,540.2 Crores in the previous year. Additionally, our total balance sheet size increased 34.6% from ₹ 73,625.7 Crores as of March 31, 2012 to ₹ 99,104.1 Crores as of March 31, 2013. These factors contributed to the creation of significant shareholder value with basic and diluted EPS, increasing to ₹ 35.6 and

The Bank's total interest income grew by 31.5% in the previous year. Similarly, operating profit registered a 39.1% growth. Additionally, our total balance sheet size increased by 34.5%.

₹ 35.4, respectively, augmenting the book value to ₹ 161.9 after recommending a dividend of ₹ 6 per share.

We have also witnessed sound improvement in our low-cost deposit base, which helped to sustain and improve the margins. CASA (Current Account and Savings Account) stood at 18.9% at the end of 2012-13, against 15% in the previous fiscal. On the asset quality front, Gross Non-Performing Assets (GNPA) fell to 0.20 per cent in 2012-13 from 0.22 per cent in the previous fiscal.

During FY 2012-13, we opened 74 branches and are now present across 26 states of India. Currently, our customers are being served through an extensive branch network, comprising 430 state-of-the-art branches, spread over 275 cities across India, as well as over 950 ATMs.

I am pleased to reiterate the success of our 7% savings interest rate offering. We are witnessing a rise in corporate salary accounts and other salary accounts. Our focus is to drive greater penetration of our offering to urban, semi-urban and rural areas. Building excellence in service delivery is critical for our long-term growth and sustainability in a competitive banking environment.

Enhancing our Retail Franchise

To make the banking experience more customer-centric, we have launched new products and services, such as YES Swarn, Travel Cards and Mobile Payments. YES BANK entered into gold bullion distribution, making available reliable quality gold to its customers at competitive prices. We also launched Multi Currency International Prepaid Travel Card (at the ITB Fair in Germany, in association with the Ministry of Tourism, under the Incredible India theme) targeting overseas travellers. The YES Travel Card helps travellers avoid the inconvenience of carrying currency or travellers' cheques. The launch of mobile

CASA stood at 18.9% at the end of 2012-13, against 15% in the previous fiscal. On the asset quality front, Gross Non-Performing Assets (GNPA) fell to 0.20 per cent in 2012-13 from 0.22 per cent in the previous fiscal.

phone based merchant acquiring services (MPOS) will facilitate transaction-level convenience to the customer's doorstep, both in the retail and corporate segments.

A Continued Focus on Responsible Banking

How do we make our business sustainable in these challenging times? My answer is simple: by being more responsible and responsive to all our stakeholders, including customers, employees, investors and the community. We are consistently working towards this objective and have been recognised for our initiatives.

We have been bestowed the 'Sustainable Bank of the Year _ Asia Pacific' award at the prestigious FT/IFC Sustainable Finance Awards 2012. The Bank has won the award three times in the last four years.

The Bank won the Golden Peacock Global Award for Sustainability 2012 for integrating sustainability into corporate strategy, stakeholder inclusiveness and innovation for social responsibility. We also won the OKOVISION Sustainability Leadership Award for our commitment to sustainable banking. Acknowledging our ethical business practices, YES BANK was bestowed the CFBP Jamnalal Bajaj Uchit Vyavhar Puraskar (Fair Business Practices Award).

In line with the SEBI circular, which mandates the inclusion of Business Responsibility Reports as part of Annual Reports for listed entities, we have included our Business Responsibility Report in this Annual Report. This Report includes the Bank's Sustainability Disclosures, adhering to the GRI and NVG guidelines, highlighting your Bank's environmental and social performance for the year.

We have adopted a strategic approach towards sustainability by including wider economic, social and environmental objectives in our core business strategy. Our Responsible Banking philosophy is critical to our sustainability strategy. Our intervention helps create new growth opportunities for people at the lower middle and bottom of the social pyramid. Going forward, we will continue to emphasise on the triple bottom line approach as a measure of our performance.

During the year, and in line with our Responsible Banking ethos, we signed an MoU with IFC to jointly create a fund to invest in North-East India. The MoU will allow us to help transform opportunities existing in the North Eastern states into local livelihood prospects, resulting in greater financial inclusion in the region.