

**THANK YOU**  
for saying



## 01-16

### *Corporate Overview*

- 01 Thank you for saying YES
- 02 FY 2020-21 key highlights
- 03 YES BANK at a glance
- 04 Products & services
- 05 Message from the Chairman
- 09 Message from MD & CEO
- 12 Key performance indicators
- 14 COVID-19 response

## 17-43

### *Our Integrated Approach*

- 18 Our value creation model
- 22 Environment
- 28 Social
- 38 Governance

## 44-147

### *Statutory Reports*

- 44 Management discussion and analysis
- 67 Directors' report
- 98 Report on corporate governance
- 139 Business responsibility report

## 148-252

### *Financial Statements*

- 148 Standalone Financials
- 212 Consolidated Financials

## THANK YOU FOR SAYING



**In the second year of our transformation journey, we have scaled several milestones in our endeavour to create a customer centric, empathy driven, transparent and accountable institution. This year, the challenges posed by COVID-19 only strengthened our resolve to serve all our stakeholders. In this journey our strongest pillar has been you, our customers – Thank You for saying YES.**

The past twelve months have further fortified our dynamism, resilience and agility. Driven by these levers, we have reimagined our strategy, systems and offerings to present to you a transformed YES BANK. Through thoughtful innovations and solutions, we have made continuous efforts to adapt to the evolving realities of our stakeholders. Our digital first innovations across Retail, MSME and Corporate banking have been developed with the sole focus of supporting all our customers. Thank you for supporting us during this transformation and reinforcing our confidence in the new direction we're moving towards.

The change in our collective reality has helped the Bank realise that the corporate mindset goes beyond the business-as-usual approach and our biggest success stories are the ones where we have served our

communities and ecosystems. Even as COVID-19 continued to pose challenges, our employees embraced the 'new normal', driven by their passion and dedication to serve. Thank you for giving each of us this opportunity to be of value to our stakeholders.

Driven by a refreshed vision of the future and supported by you, we continue our journey to further amplify our efforts to enhance the experience of banking with YES BANK. We promise that we will persist in staying resolute to best support you while attaining our core operating targets.

*We are proud to serve India and equally grateful because like us, India said YES every step of the way.*

## FY 2020-21 KEY HIGHLIGHTS

₹ **10,769** crore

Total Income

**17.5%**

Capital Adequacy Ratio

**5.88%**

Net NPA

**51%**

Retail & MSME share of  
Total Advances

**2.8%**

Net Interest Margin

**26.1%**

CASA Ratio

## YES BANK AT A GLANCE

YES BANK is a full service commercial bank offering a comprehensive suite of products and services to its retail, msme and corporate customers. Customer-centric and service-driven since inception, the Bank is taking confident strides into the future by blending its wide physical reach with digital capabilities to provide differentiated offerings, in line with India's evolving banking needs.



### New Age Private Sector Bank

Total Assets of ₹ 273,543 crore,  
with Advances of ₹ 166,893 crore  
(49% Corporate and 51% MSME and Retail)



### Young Enterprising Workforce

22,270 YES BANKers with a vintage of  
9 years for Top management and  
8 years for Senior Management



### Differentiated Technology Platform

Market leader within Payments  
-#1 IMPS Remitter Bank  
-#1 in UPI P2M transactions with share in overall transactions at ~41% market share - AEPS 19% market share in transaction volume  
(Basis off-us transactions)



### Pan-India Presence

1,070 Branches, 72 BC banking outlets  
and 1,340 ATMs



# PRODUCTS AND SERVICES

Tailored to suit the evolving customer needs.



**BRANCH BANKING**  
[Read more](#) ▶ PG NO 46



**DIGITAL BANKING**  
[Read more](#) ▶ PG NO 46



**YES PRIVATE**  
[Read more](#) ▶ PG NO 47



**YES FIRST AND YES FIRST BUSINESS**  
[Read more](#) ▶ PG NO 47



**GLOBAL INDIAN BANKING**  
[Read more](#) ▶ PG NO 48



**RURAL BANKING GROUP**  
[Read more](#) ▶ PG NO 49



**INCLUSIVE & SOCIAL BANKING AND MICROFINANCE BANKING**  
[Read more](#) ▶ PG NO 49



**CREDIT CARDS**  
[Read more](#) ▶ PG NO 51



**RETAIL BANKING ASSETS**  
[Read more](#) ▶ PG NO 51



**SMALL AND MICRO ENTERPRISES BANKING**  
[Read more](#) ▶ PG NO 51



**LARGE CORPORATES**  
[Read more](#) ▶ PG NO 52



**STRATEGIC CLIENT GROUP**  
[Read more](#) ▶ PG NO 53



**INSTITUTIONAL & GOVERNMENT BANKING GROUP**  
[Read more](#) ▶ PG NO 53



**EMERGING LOCAL CORPORATES (ELC)**  
[Read more](#) ▶ PG NO 54



**AGRI BANKING AND FASAR**  
[Read more](#) ▶ PG NO 54



**TRANSACTION BANKING**  
[Read more](#) ▶ PG NO 54



**FINANCIAL MARKETS**  
[Read more](#) ▶ PG NO 55



**LOAN SYNDICATIONS**  
[Read more](#) ▶ PG NO 56



**STRESSED ASSET MANAGEMENT**  
[Read more](#) ▶ PG NO 56

## MESSAGE FROM THE CHAIRMAN



“ The Bank has brought in clear responsibility and accountability at multiple levels across the organization. It has successfully delivered a robust liabilities momentum with 55% growth in deposits over the previous year. This encouraging development reflects growing customer confidence across all segments.

**Sunil Mehta**  
Chairman

### Dear Shareholders,

Well into the second year as Chairman of the Board of a redefined YES BANK, I thank you for your invaluable support to the Bank's journey of transformation. Over the past year, the Bank has accomplished one of the most significant balancing acts in Indian banking history – successfully forging the transformation from a very precarious situation in March 2020, into an organization truly motivated and ready to deliver value to all its stakeholders. This extraordinary journey of completely reinventing the Bank, was done in parallel to the continuance of unusual circumstances and unknown risks induced by COVID-19, which has left no portion of our shared existence unaffected.

### The transformation journey

The Bank in its transformational journey has made significant changes – bringing in clear responsibility and accountability at multiple levels across the organization. Having committed to responsible banking and social engagement last year, your Bank has, as promised dealt with all legacy governance, compliance and risk issues with dexterity and alacrity. In addition, the Bank has focused on building and reinforcing the foundation for high quality sustainable growth. It has successfully delivered a very robust liabilities momentum with 55% growth in deposits over previous year. This reflects very encouraging customer confidence across all segments.

Over the last year, the Bank focused on creating a more granular franchise with balanced earnings mix between wholesale and retail, monetized new businesses through digital innovation – while conforming to the highest standards of risk management, compliance and governance. I am delighted to share that in FY21, the Bank recorded 9.06 billion UPI transactions, a 102% growth over previous year, thereby positioning the Bank as a clear market leader in the banking industry.

I especially feel proud of each and every YES BANKer, who stepped up, putting in their best through these very difficult times, to help the Bank cross various key milestones of success. At this critical hour, with the Black Swan event of COVID-19 extending into 2021, I express my unreserved regard and gratitude, for the immeasurable contribution of essential service providers and many other nameless heroes who are working tirelessly for the collective well-being of the nation.

With unflagging commitment, YES BANK has also paved its way through this daunting situation, steadily and surely. After a historic Reconstruction Scheme executed in March 2020 by the Reserve Bank of India (RBI) and a consortium of investing banks, YES BANK undertook a systemic overhaul, putting in place a significantly more robust corporate governance model with extensive changes across organization, processes

## MESSAGE FROM THE CHAIRMAN

and business strategy. Building on the three pillars of transparency, commitment and accountability, the Bank has laid a strong foundation for inclusive and sustainable growth.

### Operating performance

I am happy to report that over the past year we have witnessed a strong resurgence in our operating performance. The operating profit for FY21 increased by 42% over previous year. We have strengthened the Bank's position on our specific strategic priorities – capital, cost, liquidity, stressed assets and governance. YES BANK saw its credit profile improve further this year with rating upgrades from multiple institutions. The upgrade from Moody's and other domestic rating agencies, following our successful FPO of INR 15,000 crore reflected the Bank's improving business fundamentals in 2020 itself.

On the asset quality front, our legacy stressed book has shrunk, and the Bank is well provided for with a provision coverage ratio (PCR) of 79%. The management, prudently accelerated the provisioning on incremental slippages in FY21, to prevent carrying forward provisioning requirements into FY22. On the back of this, the Bank posted an overall loss for FY2021, even as it maintained a profit run with sequential gains through the first three quarters of FY21. Importantly, capital ratios of the Bank remain

healthy, which will enable the Bank to tap into growth opportunities in FY22 in line with its stated objectives. The Bank's CRAR and CET1 ratios stand at 17.5% and 11.2% respectively as against 8.5% and 6.3% last year.

### Economy and business: The road ahead

The Indian economy contracted by 7.3% in FY21 and was expected to clock a double-digit growth in FY22 before the second COVID-19 wave necessitated localized lockdowns once again. While this will push back the recovery to an extent, the economy is expected to return to a more normal and robust growth path with continued policy support from monetary authorities and the government. It would be equally prudent to prepare for possible weaker consumer sentiment in FY22. The economy will face some pressure to support adversely impacted unorganized, rural, MSME and contact intensive service sectors, amongst others. Given the consequent impact on jobs, rising input costs and supply side constraints, the Reserve Bank of India is expected to keep a watchful eye and monitor inflation trends on the back of domestic supply constraints and higher global oil prices. For now, the RBI is expected to lean towards boosting growth and hence persist with easy monetary policy.

Discretionary consumption could be affected as consumers, wary of a possible third wave, would prefer to build up on precautionary savings. A possible saving grace for the economy for FY22, will be a large budgeted capital expenditure of the Central Government, expected to unleash a multiplier effect on the economy. This will ultimately crowd in private investments and help revive the job market.

Even as challenges remain, the circumstances are likely to have created fresh opportunities for the banking sector. COVID-19 has no doubt enhanced the digital footprint in all areas of life – human interaction, e-commerce, education and also remote working. Businesses are encountering a shakeout. I am confident they will adapt to a changed landscape and seize new opportunities that emerge out of this fast evolving technological and risk transformation, changes in social structure and consumer behavior, unpredictable market dynamics and volatile economic cycles. Given this backdrop, YES BANK continues to strengthen its strategic foresight and be future ready.

### Poised for growth

At YES BANK, we continue to closely monitor the current macro-economic scenario and I believe that our coordinated efforts, together with stakeholders' support, will enable us to deliver our commitment

“ On the asset quality front, our legacy stressed book has shrunk. The management prudently accelerated the provisioning on incremental slippages in FY21, to prevent carrying forward provisioning requirements into FY22.

# 79%

YES BANK's provision coverage ratio (PCR) for FY21



## MESSAGE FROM THE CHAIRMAN

“Rural India will continue to be key in propelling the country's economic growth. The transformed YES BANK fully recognizes its role and business opportunities in serving Bharat. The Bank will place significant thrust on identifying emerging rural markets to increase value growth and drive profitability.

# 4,77,000

CASA accounts opened in H2 FY21, pointing to strong customer acquisition

to customers and communities. We fully recognize new and challenging risks as they move from 'Known Unknowns' to 'Unknown Unknowns'. The risk culture in the Bank will adapt accordingly.

The effort in the past year has been to build granular retail business and MSME advance book with customer-centric product launches. A strong foundation has been laid for the Retail franchise over the last few years, and the Bank is future ready for growth, enabled by product and service differentiation, and a focus on quality customers, cross-sell, the right people skill sets, technology and compliance. New customer acquisition was strong in H2FY21 with the Bank opening 4,77,000 CASA accounts and lifetime best retail asset disbursements at INR 15,000 crore and this should continue into FY22. Even the SME business showed strong traction with H2FY21 disbursements in excess of INR 8,000 crore.

### Business and digital transformation

Granularized growth of our retail franchise continues to be a core part of our growth strategy, driven by our pan-India branch network and leveraging our digital capabilities. The Bank is focused on calibrated cash flow-based growth in high quality retail and select MSME sectors, developing viable ecosystems in these growth sectors. In the corporate segment, our aim would be to expand in select asset light sectors with differentiated offerings.

As we progress further on our transformational journey, the Bank is well placed to deal with turbulent events and technological disruptions to traditional banking business models by fintech players. Over the last twelve months, we have digitized our key asset and deposit journeys to build segmented and personalized 'digital first propositions'. With customers at the center of our actions, a major pillar of our retail strategy is to strengthen our customer service with greater empathy, care as well as imbibing technology led innovations to enhance our digital self-serve models. Our 'Loan in Seconds' platform, front-end automation initiatives viz. YES Robot, CRM platform YES Genie, have resulted in lower turnaround time along with higher productivity. We had 75%+ accounts digitally opened in Q4FY21. To provide our customers with a personalized banking experience, catering to their needs, we are looking at transforming our data and analytics thereby deepening our analytics expertise. The Bank has recruited ~300 profiles with technology, product, digital or analytics background to strengthen our digital leadership.

In the wholesale banking space, the focus would be on granular, cash flow backed business to leverage digital or transaction backed relationships with fintech and e-commerce partners. A crucial area of our growth strategy is to fortify our digital distribution capabilities in the transaction banking space through curated fintech partnerships. Transaction banking will

develop digital distribution via partnership with fintech companies to reach out to new customers.

Key pillars of the wholesale banking strategy would be around sector-specific lending opportunities with a focus on new customer onboarding, deepening product penetration and cross-sell, liability growth and focus on agency banking, digital investments and knowledge sector driven relationship management, while maintaining the highest standards of governance and risk management. YES BANK is also targeting selective presence in the infrastructure lending space such as roads, ports, renewables and transmission, cement and metals that are likely to get a boost from enhanced government expenditure.

Rural India will continue to be key in propelling the country's economic growth. The transformed YES BANK fully recognizes its role and business opportunities in serving Bharat. The Bank will place significant thrust on identifying emerging rural markets to increase value growth and drive profitability. It will fully serve its rural customers by deepening its branch presence in rural regions and strategically partnering with technology providers for co-origination and cross sell of retail and SME assets, insurance, securities and wealth offerings.

The Bank has already covered some distance towards its goal of a long-term frugal, sustainable cost culture,

## MESSAGE FROM THE CHAIRMAN

“ By strengthening its frameworks for addressing environmental and social risks and impacts of its lending activity, operations and supply chain, the Bank continues to align more closely with global Sustainable Development Goals.

# 5%

Reduction in carbon emission intensity of Bank operations in FY21, compared to year before

with projects focused on price reductions through bottom-up assessment and zero-based budgeting of various spends.

### Environmental, Social and Governance (ESG) Goals

The Bank recognizes that sustainable growth is inextricably linked with environmental sustainability and social development, and therefore, continues to strategically integrate ESG considerations into its core business strategy. By strengthening its frameworks for addressing environmental and social risks & impacts of its lending activity, operations and supply chain, the Bank continues to align more closely with global Sustainable Development Goals. The Bank is also committed to aligning its business to the Paris Climate Agreement's goal of limiting global temperature rise to 1.5 degrees Celsius, starting with definitive actions towards measuring its financed emissions and aligning its electricity sector exposure, to the global 1.5-degree decarbonization pathway. The Bank also achieved a 5% reduction in the carbon emission intensity of its operations in FY21 as compared to the previous year. As it continues to work with stakeholders across the spectrum to share knowledge and accelerate action towards sustainable finance, biodiversity conservation, and climate resilience, the Bank will continue to make

comprehensive, voluntary disclosures on how it embeds sustainability into its operations and governance structures.

Having embraced a dynamic business model adaptable to external realities, I am hopeful that our endeavors to strengthen the Bank's technological architecture to better cater to our customers will enable value creation for all YES BANK stakeholders. Retaining our focus on fulfilling our fiduciary responsibilities to shareholders, employees and the regulator, the Bank is committed to improving the quality of governance and ensuring effective risk management practices which benefit all stakeholders. These efforts are being undertaken towards building a more transparent, more agile and more customer-friendly YES BANK.

I believe that with the past behind us, the way ahead lies in leveraging the unique learnings of last year to stay resilient and responsive, and continuing to persevere in fulfilling the aspirations and expectations of our customers.

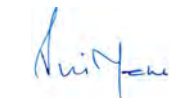
### Our gratitude

Once again, I take this opportunity to thank our valued customers, regulators, investors and our other stakeholders, with special mention of SBI and other investors who invested as part of the Reconstruction Scheme for standing with YES BANK and continuing to repose faith in the organization's vision and leadership.

I am thankful to my Board colleagues for their wise guidance and valuable inputs in establishing highest standards of governance, as we navigated through this period of transformation. The Bank would not have reached here without the unwavering commitment and loyalty displayed to this institution by over 21,000 YES BANKers. The Bank is indebted to their families who also bore the brunt of the prevailing situation since last year. I remain grateful for your unwavering support and continued confidence in YES BANK. I wish good health and prosperity for everyone.

Thank You!

Best Regards,



**Sunil Mehta**  
Chairman  
YES BANK