July 10, 2015

Mr Girish Joshi, GM –
Department of Corporate Services
BSE Limited
Corporate Relations Department
1st Floor, New Trading Ring
P.J. Towers, Dalal Street
Mumbai – 400 001

Mr. Avinash Kharkar AVP – Listing
National Stock Exchange of India Limited
Exchange Plaza
Plot no. C/1, G Block
Bandra Kurla Complex
Bandra (E)
Mumbai - 400 051

Dear Sirs,

Re: Research Report published by UBS Securities India Pvt. Ltd. under the caption "*India Banking & Finance Sector – Deep dive into lending practices – differentials not priced in.*

Further to our letter dated July 9, 2015, please find below the copy of the communication sent to UBS on the subject matter.

Copy of the communication sent to UBS is reproduced verbatim here below:

" To UBS:

At the outset, we refute the factually incorrect and highly biased opinion expressed in your report, inter alia, indicating that YES Bank has substantially more exposure to potentially stressed companies and is more susceptible to a prolonged weak credit cycle. You have also hinted that the securities enjoyed by YES Bank are diluted and not solid enough in your assessment. Our views on your report are as follows:

1. *This report has unnecessarily over exaggerated the exposures attributed to YES Bank given that the ROC filings are dated and therefore, not necessarily reliable, as they at best, reflect historically sanctioned amounts, and DO NOT reflect the actual exposure as they do not take into account the following:*

    a. *undisbursed amounts*
    b. *sell downs*
    c. *repayments*
    d. *cash collaterals, etc.*

    The report compares sanctions basis RoC filings to total loans outstanding as at March 31st, 2015 thus presenting a highly misleading picture. Had you/UBS taken the pains to get the true and correct perspective from YES Bank management, then the same would have truly helped the investors/valued shareholders' of YES Bank. Thus, you have miserably failed to exercise the bare minimum due diligence and care, which is expected from a prudent and reasonable Research Analyst of your stature/well respected Research Entity like UBS.

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Website: www.yesbank.in Email: communications@yesbank.in **CIN - L65190MH2003PLC143249**

2. *Further, YBL exposures in most cases have access to ring fenced operating cash flows / liquidity events, which have resulted in continued timely servicing of such exposures. This has been communicated to stakeholders in the past as well by quoting specific examples. This is also reflected in the GNPA and Net NPA outcomes over the last 5 years as presented below, thus demonstrating the Bank's capabilities in this regard over extended period of time. Providing credit facilities to potentially stressful corporates are not ex facie bad lending decisions.*

   Similarly, having inter alia, pledge over unlisted entities does not dilute the value of the securities, as long as, there are takers for such scrips in an enforcement scenario. YES Bank, invariably insists on substantial tangible/liquid securities and the same are available for enforcement in a default situation. As indicated above, had you discussed with the top management of YES Bank before publishing the Report, we would have satisfactorily clarified the position of the Bank and we could have avoided the present imbroglio.

3. *Further, specifically on the point made on unlisted shares, wherever there are such cases, there has to be weightage given to quantum / % of such collateral, which typically gives significant leverage to the Bank vis-a-vis the borrower. This puts the Bank in a significantly superior position.*

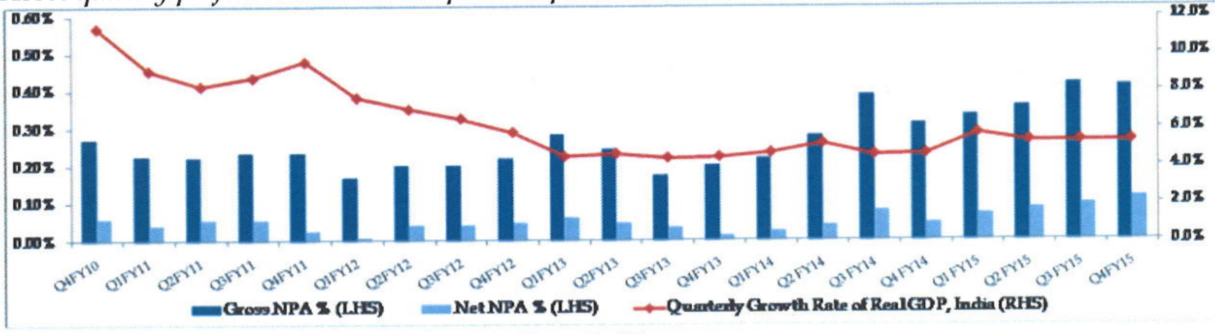
4. *Given the above, we maintain our credit cost guidance given in April 2015 and continue to believe that the same is reflective of the overall quality of our credit portfolio.*

5. *Further, such exaggerated and misleading research reports have come in the past from a couple of other research houses and they only encourage rumour mongering and speculative behavior. The Bank has demonstrated exceptional credit quality outcomes over the past 5 years despite the challenges in the Indian and global economy.*

6. *It is highly improper for a reputed institution like UBS to publish price sensitive unconfirmed data without giving an opportunity to the Bank's Management to explain, outside the silent period. We are reporting this matter to SEBI /and other regulatory agencies and seek immediate corrective actions from UBS in this connection.*

7. *Asset Quality performance of the YES Bank in last 20 quarters is given below:*

Asset quality performance over the past 20 quarters



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- *YES Bank has maintained high asset quality over the last 20+ quarters as has been reflected in its transparent public disclosures, and as has been audited by reputed accounting firms including BSR & Co and SR Batliboi & Co. The graph below demonstrates our Gross NPA and Net NPA levels (reflecting a portfolio of high credit quality) despite the vagaries of the economic environment, which included periods of the US sub-prime mortgage crisis, a slowdown in the Indian economy and EU's sovereign crisis (ongoing).*

- *It may be further noted here that as a measure of prudence, conservative accounting practice, over and above statutory requirements and specific asset provisioning, YES Bank maintains an additional "counter-cyclical" provisioning of 50 bps on total advances. This is amongst the highest contingency provisioning made by private sector banks.*

- *Lastly and importantly, in our view assessment of Risk Weighted Assets to Total Assets is a better, more scientific method of analysing credit quality of banks in general (note – Risk Weighted Assets depend on "external" credit ratings of clients and also take into account "off balance sheet" funding). On this important matrix, YES Bank ranks consistently better than its peers on an average not only in FY15 but also over the past 20 quarters.*

Submitted for your information.

Thanking you,

Yours sincerely,

Shivanand Shettigar
Company Secretary

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