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YES BANK MD RANA KAPOOR SAYS BANK WILL USE DOMESTIC SOURCES TO RAISE UP TO RS 1,250 CR

We won't need to tap foreign banks for funds

Rabo Bank is a key financial investor in YES Bank and is committed to remain fully invested

We would evaluate inorganic growth opportunities as and when they appear, but the focus now is on core biz practices

YES Bank, one of the youngest private sector banks in India, plans to raise Rs 1,000 crore from the domestic market to fuel its target of a 45% YoY growth rate. In a chat with Antio Antony, bank CEO & MD Rana Kapoor says he is "cautiously optimistic" about the current growth prospects in the Indian economy, and that the bank's priority now is to look within rather than go for acquisitions.

Two foreign banks are learned to have evinced interest in taking stake in your bank. How do you plan to take it forward?

We are an Indian bank and will continue to evolve as one. Yes Bank doesn't have to tap foreign banks for raising capital. We are targeting to raise Rs 1,000-1,250 crore from the domestic market by means of debt and equity through a follow-on public offer, or a preferential placement with financial investors.

But you have been deferring plans to raise Tier-II capital for some time. Don't you think that with the yield curves expected to inch up, it makes sense to tap the market now?

Yes indeed. The indicators suggest that the yields for long-term bonds could inch up further on back of higher government borrowing. The current rates provide us with an opportunity to average out some of our Tier-II cost of funds raised earlier. We should be entering the market at an opportune time shortly. In the first phase, we would explore the domestic bond market for raising \$100 million in the current financial year. The second capital-raising event could be a follow-on public offer of around \$100-200 million.



One private equity fund exited Yes Bank last month and there have been talks of more shareholders with less than 5% stake following suit...

Rabo Bank, the only bank with AAA rating, is a key financial investor in Yes Bank, and is committed to remain fully invested. Other key investors as of now are

Orient Global, HSBC, Franklin Templeton, Khazanah Nasional, with a stake of less than 5% each, and have stood with Yes Bank through the test of time.

What about your plans to take stake in commodity exchanges?

We are cautiously optimistic about the

growth prospects in current times. Currently, the focus is on profitable organic growth through strengthened risk management and creating a more cost-efficient organisation. We would evaluate inorganic growth opportunities as and when they appear, but for now the focus remains on strengthening the core business practices.

M&A and advisory services (private equity/debt syndication and other advisory services like FASAR and Sustainable Investment Banking) are an integral part of your business and have contributed significantly to your non-interest income at all times. How are these income streams doing now?

This income stream has remained almost flat during the year, with some loss in investment banking advisory, compensated by increased debt syndication fee, in line with economic realities.

The growth in advisory fee in the first half of this fiscal is expected to be muted, while it is expected to show revival in the latter half of the year. We expect debt syndication to show growth while PE syndication/M&A advisory would pick up gradually. We still command a strong deal pipeline but closures could take little longer than expected.

