

Yes Bank begins international expansion through UAE

LENDER, KEEN TO TAP INTO NRI FUNDING, PLANS TO OPEN DIFC BRANCH NEXT YEAR

DUBAI

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Yes Bank, India's fifth largest private sector bank, eying international expansion has opened its first representative office in Abu Dhabi and has plans to open a branch in the Dubai International Financial Centre (DIFC) by the middle of next year, Rana Kapoor, Chief Executive Officer, told *Gulf News* in an interview.

By expanding in some of the key international financial centres such as London, Dubai and Singapore, the bank is keen to tap into relatively low-cost funding through non-resident Indian (NRI) deposits.

"We are deeply convinced that we are going to be a huge beneficiary of deposits from abroad. Currently, about \$70 billion (Dh257 billion) is flowing into India and we like to believe that as a bank with latest technology, customer reach and high level of reporting standards we should be able to garner far more greater share of deposits than what we have at the moment," said Kapoor.

Yes Bank has been active in the Gulf region for fund raising. Last May the bank raised \$500 million through a global qualified institutional placement (QIP). "The QIP generated global demand of about \$2.5 billion in less than 9 hours after the book opened. We are very happy that the Middle East book was extremely good. For many large investors like the sovereign wealth funds, the issue was too small to make a significant investment," he said.

Kapoor said the bank is planning an American Depository Receipt (ADR) issue next year, the size of which is not yet finalised. "We recognise that many international investors have recognised Yes Bank as the barometer for the new Indian economy. So it is important for us to promote ourselves as the new barometer to the international investors," said Kapoor.

He sees a clear turn around in the Indian economy which will be soon reflected in the asset



Courtesy: Yes Bank

Focus on growth

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growth and profitability of the banking sector. "The banking sector is a representative basket of the economy. When you look at the basket as a whole, the picture is looking good. The confidence is coming back and the economy is going to take off," he said.

Lower provisions

Yes Bank expects an asset growth of 27 to 30 per cent in the fiscal year 2014-2015. Last month the bank surpassed analysts' expectations with the sec-

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ond quarter profit after tax rising by 30 per cent to Rs4.82 billion (Dh287 million) on lower provisions and higher net interest income.

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Provisions and contingencies declined 33 per cent year-on-year to Rs1.19 billion in the quarter gone by, with provi-

sion coverage at 75.8 per cent as at September. The bank delivered steady performance in the second quarter of this fiscal year maintaining healthy asset quality with meaningful expansion in net interest margin.

Rebound

Kapoor said the asset quality of Indian banking will see a rebound with the recovery of the economy starting in the last quarter of this fiscal year. "I think for the Indian economy and the banking sector which is dominated 70 per cent plus by public sector banks, NPAs need attention.

It needs board attention, management attention and it needs attention on risks architecture. An important element of this is non-core divestments to rehabilitate and build valuations. Why should the public sector banks be undervalued? It is time that they are not treated as social utilities. They should be movers and shakers in the economy. Overall the private sector banks in India are doing well and within that the Yes Bank is doing rather well," said Kapoor.