

SAY YES TO GROWTH



ANNUAL REPORT 2005 - 2006



EXPERIENCE OUR EXPERTISE

REWARDS & RECOGNITION

In a relatively short time since commencement of operations, YES BANK has been able to achieve some significant milestones and recognition. YES BANK has received the following Rewards and Recognition for the differentiated, strategic initiatives it has undertaken -

- ✓ YES BANK was ranked the **105th most valuable private sector company** and the **7th most valuable bank in India** (Business Today - Nov 05)
- ✓ YES BANK was ranked **second in the 'Best for Currency Strategy'** and **'Best for Technical Analysis'** categories under the Best Domestic FX providers - Corporate (Asiamoney '05 Foreign Exchange Poll for India)
- ✓ Rana Kapoor, MD & CEO was adjudged the **Start-up Entrepreneur of the Year** by the Ernst & Young Entrepreneur Awards 05. He was also ranked amongst the 100 most powerful CEOs in India (Corporate Dossier, Economic Times - Dec 16, 05)
- ✓ YES BANK was ranked amongst the **20 most technology wired companies** in India by Business Today
- ✓ ICRA (Moody's affiliate in India) has reaffirmed the Bank's **A1+ rating for its INR 10 billion certificate of deposit programme**. A1+ rating indicates the highest level of safety in the short-term
- ✓ YES BANK Investment Bank ranked **No.1 in M&A 'Outbound Cross Border Transactions'** and No. 5 in M&A 'Overall' category in the Bloomberg April 18, 06 league tables
- ✓ NASSCOM Award in April 06 for **'IT Innovations in Emerging India'**. The award was in recognition of the Bank's adoption of innovative technologies for increased customer satisfaction and for improving process efficiencies (April 2006)
- ✓ Received the **Environment Leadership Award from USAID** for contributions made through working in partnerships to improve the environment/quality of life for the people of Asia (October 2005)

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BOARD OF DIRECTORS

Mr. Ashok Kapur, *Non Executive Chairman*

Mr. Rana Kapoor, *Managing Director & CEO*

Mr. Hans ten Cate

Mr. Wouter Kolff

Mr. S. L. Kapur

Mr. Arun Mago

Mr. Kashi Memani

Mr. Bharat Patel

Mr. Ajay Lal

Mr. Ashish Dhawan (*resigned w.e.f April 28, 2006*)

Mr. Ajay Relan (*resigned w.e.f January 09, 2006*)

Mr. P. R. Srinivasan (*appointed w.e.f. January 09, 2006 and resigned w.e.f April 28, 2006*)

Mr. H. Srikrishnan, *Executive Director (w.e.f. October 15, 2005)*

ALTERNATE DIRECTORS

Mr. Fergus Murphy (*alternate to Mr. Hans ten Cate*)

Mr. Peter Amour (*alternate to Mr. Ajay Lal*)

Mr. P. R. Srinivasan (*alternate to Mr. Ajay Relan - upto January 09, 2006*)

COMPANY SECRETARY

Mr. Sanjeev Kapoor

AUDITORS

M/s. S.R. Batliboi & Co., Chartered Accountants

REGISTERED OFFICE

9th Floor, Nehru Centre,

Discovery of India,

Dr. A. B. Road,

Worli, Mumbai - 400 018.

Tel: 022-66699000 Fax: 022-66699155

e-mail: shareholders@yesbank.in

Website: www.yesbank.in

REGISTRAR & TRANSFER AGENT

Karvy Computershare Private Limited

46, Avenue, Street No. 1, Banjara Hills,

Hyderabad - 500 034.

Phone No : 040-23420815-20

Fax No : 040-23420814

TOP MANAGEMENT TEAM

NAME	DESIGNATION
Mr. Aalok Gupta	Country Head, Credit Risk-Retail & SME
Mr. Aditya Menon	Chief Technology Officer
Mr. Aditya Sanghi	Country Head, Investment Banking
Mr. Ajay Mahajan	Group President, Financial Markets & Financial Institutions
Mr. Alok Gupta	Country Head, Life Sciences & Technology
Mr. Anuradna Chadha	President, Corporate & Institutional Banking
Ms. Archana Shiroor	Country Head, Human Capital
Mr. Arun Agrawal	Country Head, Financial Institutions & International Banking
Mr. B. Chandramouli	Country Head, Centralised Business Processes & Quality Assurance
Mr. Deepak Gaddhyan	Country Head, Government Relationship Management
Mr. Manoj Adlakha	Group Executive Vice President & Country Head, Retail Banking
Mr. Munish Dayal	President, Business Banking
Mr. P. Kumar	Country Head, Business Solutions
Mr. Pankaj Gupta	Country Head, Credit Risk-Business Banking
Mr. Raj Benahalkar	Head, Market Risk
Mr. Rajat Monga	Chief Financial Officer
Mr. Rajiv Vaid	Country Head, Financial Markets Operations
Mr. Rajnish Datta	Country Head, Retail Assets
Mr. Ravishankar	Country Head, Direct Banking
Mr. Sandeep Sarkar	Country Head, Financial Market Sales
Mr. Sanjeev Mehta	Country Head, Business Banking Liabilities
Mr. Subhir Bisht	Country Head, Credit Risk Corporate & Institutional Banking
Mr. Somak Ghosh	President, Corporate Finance & Development Banking
Mr. Suhail Kazmi	Country Head, Private Wealth Management & Global Indian Banking
Mr. Sumit Gupta	Country Head, Emerging Corporates-Business Banking
Mr. Sunil Gulati	Group President & Head, Risk Management & Corporate Development
Mr. Suresh Sethi	Country Head, Branch Operations & Transaction Banking

YES BANK is pursuing a Brand strategy to build one of the finest financial brands in India. YES BANK believes that differentiation begins with its service and trust mark embedded in 'YES', which represents the Bank's fundamental goal of being a highly service-oriented Financial Institution. The endeavour at YES BANK is to provide an unprecedented Delightful Banking Experience to all its customers.

BRAND VISION & STRATEGY

*yes /jes/ int.
affirmative sen.
is affirmative, in
the statement*

The name YES signifies –

- The essence of the brand completely by conveying all the values and characteristics – Attractive, Smart, Simple, Serious, Reliable, Trustworthy, Optimistic, Positive, Efficient, Universal
- Clutter breaking in the banking environment, and affirmative with target clients across business and market segments

YES BANK

EXPERIENCE OUR EXPERTISE

Brand Vision and Commitment

- To be recognised as the **WORLD'S BEST QUALITY BANK IN INDIA**
- To provide a **Delightful Banking Experience** to all its customers
- To be a long term partner with all stakeholders particularly customers by creating & sharing value
- To be a solid and trusted financial trust mark backed by two professional promoters and an exceptional management team

Brand Pillars

The YES BANK brand is being built around 5 Key Brand Pillars, which epitomise the growing strengths of the Bank. All communication and advertising has been created around these key Brand Pillars

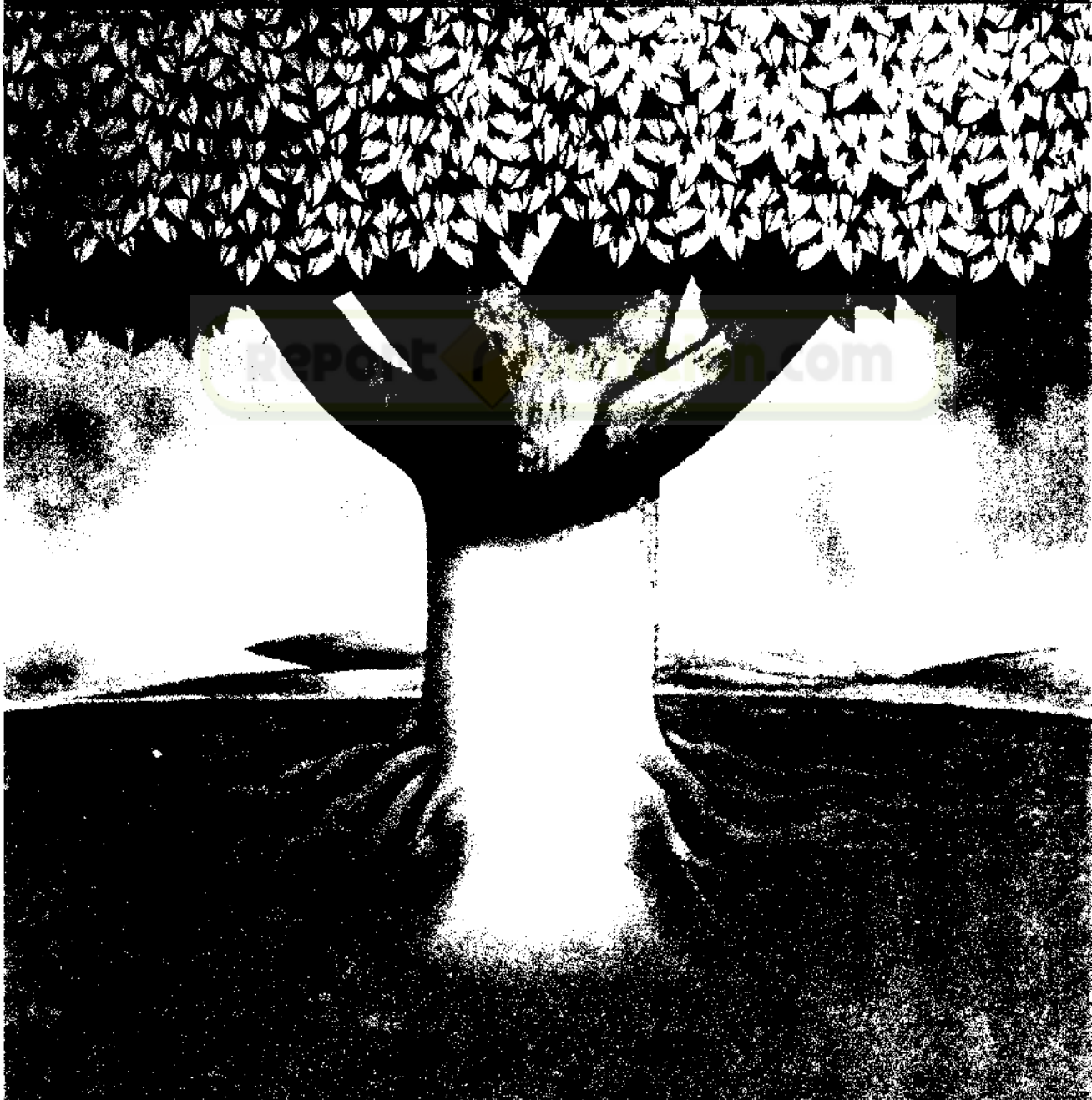
- **Growth** – YES BANK's core promise is Growth, for its internal and external stakeholders symbolised in Say YES to Growth!
- **Trust** – YES BANK's Promoters, Investors and Top Management team, are all of the highest pedigree with a demonstrated track record, thus inspiring and establishing a Trust Mark- Say YES to Trust!
- **Knowledge driven Human Capital** – YES BANK has adopted a knowledge driven, entrepreneurial approach to Banking and offers Financial Solutions beyond the traditional realm of banking. YES BANK's top quality Human Capital represents the finest talent in Indian Banking mobilised from India and abroad.
- **Technology** – YES BANK is establishing the highest standards in customer service by adopting cutting-edge Innovative Technology. The only thing constant about YES BANK's Technology is Evolution
- **Transparency & Responsible Banking** – YES BANK holds Transparency and Accountability above all else. The Bank has establish the most stringent Corporate Governance norms, and is also committed to Responsible Banking by focussing on Sustainability and Social Responsibility.

YES BANK will continue to declare its Promise through consistent communication activities under the Brand Slogans "Experience our Expertise" and "YES for YOU".

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**The door to a better tomorrow,
is now open.
Say YES to Growth.**



The Indian economy in the past years has exhibited growth rates of the order of 8% and is widely expected to continue to deliver impressive growth in the future as well. The robust growth of the Indian Manufacturing & Services sectors has further fuelled growth of the Indian economy. In the backdrop of this healthy economic

FROM THE CHAIRMAN

growth there has been a sharp increase in the demand for credit that has presented a tremendous opportunity for growth for commercial banking in India.

The vision at YES BANK continues to be to build a strong and high quality customer focussed financial institution. I believe that the three instrumental elements that are helping us achieve our vision are, highly rated and motivated employees; best-in-class processes; and most suitable and evolutionary technology.

The lack of legacy systems has already enabled YES BANK to develop a distinctive business model and to capitalize on existing technological advancements. I believe that technology advancements will continue to happen at lightening speed and this will require us to constantly evolve systems and processes to stay ahead of evolving customer expectations.

As the Bank further expands its presence and branch network around the country, the key challenges will be not only to build a high powered team, but also to continuously impart quality training, motivate and retain the team, to achieve constantly better results.

The opportunity of rapid growth also makes it necessary to focus on building and implementing robust risk management practices across the Bank. The Risk management function at the Bank is also under the overall supervision of the Risk Monitoring Committee (RMC) of the Board which has articulated and put in place specific best-in-class policies and procedures to manage risk, as a consequence of which, I am extremely pleased to inform you that YES BANK has 0% Non Performing Assets (NPAs) as of March 31, 2006.

YES BANK continues to maintain the highest standards of **Corporate Governance**, benchmarked with global best practices, thus ensuring that the Bank is managed in a Responsible manner. We have constituted all mandatory Board Committees and are extremely pleased to inform you that YES BANK is fully compliant with all the stipulations of Clause 49, as laid down by SEBI. I take this opportunity to thank the outstanding team of Board of Directors at YES BANK for their constant support and guidance.

Finally, I would like to compliment the entire management team at YES BANK, ably led by the Managing Director & CEO for the commendable performance during the last financial year. I am certain they will continue to exhibit the same amount of dedication and team work, to achieve YES BANK's vision of being a high quality, customer focussed financial institution and in the process create value for all stakeholders of the Bank.

Sincerely Yours,

ASHOK KAPUR

YES BANK

EXCELLENCE IN BANKING

Dear YES BANK Stakeholder,



FROM THE MANAGING DIRECTOR & CEO

The year 2005-06 witnessed a nascent, greenfield Bank- YES BANK, establishing itself in the Indian Banking sector as a top-quality, knowledge-driven Bank catering to **Emerging India**. We, at YES BANK, are extremely pleased to have achieved steady growth and impressive profits, in the first full year of commercial operations.

The strategy and positioning of YES BANK is on the '**Knowledge & Expertise**' platform. We believe this unique differentiation will enable us to deliver the highest value to all our stakeholders, particularly YES BANK clients. This, coupled with our clearly focussed business strategy based on '**Knowledge Banking**', has already enabled us to create an impact in the Indian Banking Industry.

Building top quality **Human Capital** is of pivotal importance to a Knowledge-driven Bank like YES BANK. YES BANK aims to build a culture and environment that supports **Professional Entrepreneurship** and is built on the core philosophy of **Creating and Sharing Value**. The Bank has focussed on attracting and retaining the best talent from the Financial Services sector from India and also from abroad. The management talent at YES BANK in a very short span of time is already considered to be amongst the best in the Indian banking sector.

One of the head-starts that YES BANK had over competition is the absence of legacy systems. YES BANK's state-of-the-art technology and product platform is flexible, scalable and adaptable and is aimed at delivering solutions that take into account the present and future needs of customers. Building the core technology platform by implementing Flexcube, Murex and CashTech, your Bank was the first to put RTGS (Real Time Gross Settlement) online, offer added security with two-factor authentication to customers banking online and build the most sophisticated treasury risk management solution in India.