Initiating Coverage

RBL Bank Ltd

12th Nov 2025

Sector	Ratings
Bank	BUY
Current Price	**Target**
Rs. 320	Rs. 409
Potential upside	**Holding**
27.6%	18 months

Stock Information	
Sensex/Nifty	83,871/25,695
Bloomberg	RBK:IN
Equity shares (Cr)	61.30
52-wk High/Low (Rs)	332/146
Face value (Rs)	10
M-Cap (Rs Cr)	19,635
2-wk Avg Volume (Qty)	79,85,580

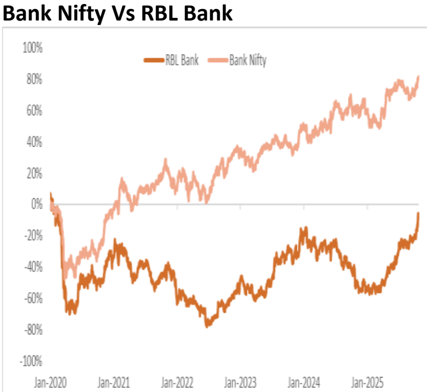
Shareholding pattern %

Particulars	Mar-25	Jun-25	Sep-25
FII	14.4	17.6	15.5
DIIs	20.8	34.4	35.3
Government	0.4	0.4	0.4
Public	64.4	47.7	48.9

Financial Summary (Rs. crs.)

Year Ended	FY26E	FY27E	FY28E
NII	6,276	8,553	11,397
NIM	4.30	4.74	5.25
PPOP	3,121	4,581	6,609
PAT	975	2,099	3,366
EPS	16	13	21
BV (Rs.)	268	293	314
PBV (x)	1.19	1.09	1.02
ROE (%)	6.08	6.71	7.05
ROA (%)	0.62	1.09	1.46
GNPA (x)	2.36	2.25	2.27
NNPA (x)	0.55	0.45	0.41

Bank Nifty Vs RBL Bank



Hitendra Gupta – Head of Research
hitendragupta@systematixgroup.in
+91 22 6704 8170
Chetan Sharma – Sr. Research Analyst
chetansharma@systematixgroup.in
+91 22 6704 8174

RBL Bank Secures Record FDI, Poised to Enter the 'Larger League' with Strong Growth and Profitability Outlook

Emirates NBD (ENBD) proposes to infuse USD 3bn in RBL Bank, this will be one of the largest preferential share issue and the largest FDI infusion in the Indian banking sector. Post the deal the bank does not intend to remain a mid-sized bank, emphasizing that it has a significant opportunity to scale-up and enter the larger league. The "larger league" refers to banks with an asset size of approximately Rs. 2–3 lakh crore. Bank is poised for a strong and sustainable growth driven by its strategic shift toward secured retail lending and improving profitability metrics. Net Interest Income (NII) is expected to grow at a 17% CAGR (FY24–FY28E) to Rs. 11,397 Cr, supported by a rising share of secured retail loans (now 34% of total advances, up from 25% in March 2024) and lower deposit costs. Secured retail assets grew 23% YoY in Q2FY26 and turned PBT positive, with full portfolio profitability expected by FY26-end. While PPOP may remain flattish or lower in FY26E as compared to FY25 due to margin normalization, recovery is anticipated in H2FY26 as funding costs ease and operating efficiency improves. The US$3 billion ENBD transaction will significantly strengthen capital and support long-term ROA expansion. Provisions have declined meaningfully (Rs. 2,257 Cr to Rs. 1,805 Cr QoQ in Q2FY26), reflecting better asset quality and recoveries. PAT is projected to surge from Rs. 695 Cr in FY25 to Rs. 2,099 Cr in FY27E and Rs. 3,366 Cr in FY28E, driven by strong NII growth, lower credit costs, and a shift toward a safer, profitable portfolio mix.

Strategic Shift Toward Secured Retail Lending Drives Sustainable and Profitable Growth

Bank has deliberately moderated growth in the unsecured retail segment, reducing overall exposure to improve the risk profile and strengthen the balance sheet. At the same time, the bank has strategically increased its share of secured retail assets, which now constitute 34% of total advances as of Q2FY26, up from 25% in March 2024, reflecting a successful shift toward higher-quality lending. These secured assets grew 23% YoY in Q1FY26, with management targeting 25–30% growth through FY26.

After two years of strategic investments, secured retail products turned PBT positive as a cohort in Q2FY26, and the bank expects the entire portfolio to achieve full profitability by year-end. This disciplined approach toward secured lending positions RBL Bank for sustainable, profitable growth while maintaining a strong asset quality profile.

Enhanced Capital Strength and Improved Funding Profile Post Emirates NBD Deal

On completion of the proposed transaction, RBL's overall net worth is expected to increase from the current level of Rs. 15,607 crs (as on March 30, 2025) to over Rs. 44,500 crs, positioning it among the best-capitalized banks in India. This ample capital ensures no additional funding requirement for the next 3-4 years. While near-term ROE may dip due to lower leverage, ROA is expected to expand meaningfully, with ROE normalizing within a few years.

Investors are advised to refer disclosures made at the end of the research report.

The strengthened balance sheet enables long-term investments in growth and distribution, reduces the need for foreign borrowings, and is likely to lead to credit rating upgrades (from current AA- & A1+) —narrowing the ~1% cost of funds gap with larger private banks (Currently 6.23% CoF) and enhancing overall growth flexibility.

View & Valuation

At the current juncture, RBL Bank offers a compelling re-rating opportunity. The institution is evolving from a capital-constrained, mid-tier lender into a well-capitalized, globally backed private bank with scalable retail, MSME, and trade finance engines. The transformational investment by Emirates NBD (ENBD) not only fortifies its balance sheet but also unlocks long-term strategic synergies, setting the stage for a multi-year growth cycle.

The bank's return profile is on an improving trajectory, with RoA expected to expand to 1.1–1.5% from 0.5% in FY25 and RoE likely to normalize around 7% by FY28E as operating advantage kicks in. Asset quality continues to strengthen, supported by low slippages, a high Provision Coverage Ratio (PCR), and disciplined underwriting practices. On the liability side, a deepening retail deposit base and improving CASA mix from 34% in FY25 to 35% in FY28E are expected to reduce the cost of funds, thereby supporting margin expansion and profitability.

The partnership with ENBD also introduces strategic optionality in cross-border banking, digital solutions, and potential inorganic growth avenues — areas that can meaningfully enhance RBL's earnings visibility and diversification over time.

Post-transaction, RBL Bank's net worth is expected to reach nearly Rs. 44,000 crs, making it one of India's most well-capitalized mid-sized banks. With ENBD's India operations merging into RBL, the combined capital base expected to exceed Rs. 44,500 crore, ensuring sufficient capital for the next 3-4 years. We value the stocks at 1.30x and we initiate coverage with a BUY rating and assign target price of Rs.409, valuing the bank at 1.30x FY28E Price-to-Book Value on a projected BVPS of Rs.314.

Exhibit 01: P/BV (x)

Source: Systematix PCG Research

Brief of Emirates NBD

Emirates NBD has a leading retail banking franchise, with 797 branches and 4,526 ATMs / SDMs in the UAE and overseas. It has total business of 378 USD Billion, with loan book at 171 USD billion and Deposit of 207 billion. It is a major player in the UAE corporate and retail-banking arena, and has strong Islamic banking, investment banking, private banking, asset management, global markets & treasury, and brokerage operations.

A landmark strategic development during this period was the agreement to acquire a 60% stake in India's RBL Bank for USD 3.0 billion, significantly deepening the Group's presence in a core, high-growth market.

- **Transaction:** Share Subscription Agreement for a 60% stake via Preferential Equity Shares.
- **Consideration:** Rs. 268.5 billion (USD 3.0 billion).
- **Regulatory Steps:** The transaction requires a Mandatory Tender Offer to existing shareholders and is subject to regulatory approvals.
- **Integration:** Emirates NBD will merge its three existing branches in India with RBL Bank.
- **Timeline:** The transaction is expected to be completed by the end of Q2 2026. (June-2026)
- **Strategic Rationale:** The acquisition aligns with the Group's strategy to expand its presence in core markets, with India identified as having strong long-term growth potential.

The Two-Part Acquisition Strategy

The acquisition is a composite transaction comprising a preferential share allotment and a mandatory open offer.

1. The Underlying Transaction (Preferential Issue):

- Emirates NBD has entered into an Investment Agreement with RBL Bank, dated 18 October 2025, to subscribe to new equity shares via a preferential issue.
- This subscription is for up to 95,90,45,636 equity shares, which would represent up to 60% of RBL Bank's total paid-up share capital post-issuance.
- This action is the direct trigger for the mandatory open offer obligation under SEBI regulations.

2. The Open Offer:

- As required by SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, Emirates NBD is making a mandatory open offer to the public shareholders of RBL Bank.
- The offer is for the acquisition of up to 41,55,86,443 equity shares, representing 26.00% of the Expanded Voting Share Capital.
- This is a "Triggered Offer" and is not subject to a minimum level of acceptance.

Strategic Objective and Rationale

- **Subsidiary Mode of Presence:** Under Indian regulations FEMA NDI Rules (Foreign Exchange Management (Non-Debt Instruments)), a foreign bank can operate through branches, a wholly-owned subsidiary, or a subsidiary with up to 74% foreign investment. By acquiring a controlling stake in a listed entity like RBL Bank, Emirates NBD is choosing the "Subsidiary Mode of Presence."
- **Acquisition of Control:** The successful completion of the transaction will result in Emirates NBD gaining control over RBL Bank, becoming its promoter, and appointing nominee directors to its board.
- **Target Shareholding:** The Acquirer's stated intention is to acquire a minimum of 51% and a maximum of 74% of RBL Bank's total paid-up equity share capital through the combined effect of the preferential issue and the open offer.

Share Capital Breakdown

Component	Number of Equity Shares	Percentage of Expanded Voting Share Capital
Existing Equity Shares	61,30,20,634	-
Underlying Transaction (Preferential Issue)	Up to 959,045,636	Up to 60.00%
Open Offer	Up to 415,586,443	26.00%

Restructuring of Capital Allocation and Financial Position

The primary impact of the deal is the dramatic strengthening of the bank's capital base:

- Net Worth and Capitalization: The infusion will raise RBL Bank's net worth to Rs. 44,500 crores approximately. This positioning places RBL Bank among the best capitalized banks in the country

- Long-Term Capital Needs: This abundant capital, the bank wouldn't need capital for the next 3 to 4 years

- Financial Trajectory (Near Term): While the significant capital inflow causes leverage to go down and may initially reduce Return on Equity (ROE), the Return on Assets (ROA) will materially expand. Management expects to claw back to respectable levels of ROE within a couple of years

- Investment Priority: The capital allocation plan prioritizes using the financial freedom to invest in creating more long-term value through expansion.

- Liability Management: The need to look at long-term foreign currency borrowing, etc., will dramatically come down. There might also be some retirement of liabilities.

- Cost of Funds Improvement: RBL expects credit rating upgrades to happen. The current gap in the cost of deposits (which is about 1% higher than large private sector banks) is expected to materially narrow over time. This reduction in funding constraints improves the bank’s "degrees of freedom," allowing existing product segments the opportunity to grow faster.

Fundamental Changes in Growth Strategy

The Emirates capital infusion allows the bank to accelerate growth across existing businesses, invest in distribution, and pursue new strategic partnerships and capabilities

1) Accelerated Organic Growth and Distribution Expansion

- The immediate broad goal is to scale all existing businesses that already have a clear growth path.

- Distribution-Led Strategy: The strategy is to create a large distribution upfront, which will multiply the bank's ability to grow in all areas. The plan involves doubling and tripling the distribution points

- Growth Rate Targets: Given the new buying capacity created, a loan book growth rate of 30% plus is considered achievable in retail segment as per past performance.

Specific Product Scaling: The increased distribution will accelerate growth in branch-based products:

- Business Banking Group (Working Capital/Term Loan): Expected to continue growing rapidly as the opportunity in the MSME sector is deemed huge

- Mortgages, Wheels, and Gold Loan: The gold loan business, which is branch-based, is expected to be propelled to potentially 3x or 4x growth due to the expansion of distribution available.

- SME and Commercial Banking: Increased visibility from distribution points will provide a large opportunity to grow these sectors by 2x or 3x

- Deposit Mobilization: Increased footprint will increase the bank's ability to spiral up the growth of retail deposits (those less than Rs. 3 crores)

2) Strategic Synergies and New Business Opportunities

Emirates NBD brings deep global banking expertise, digital innovation, and crucial access to the trade corridor between India and the Middle East. This creates several new avenues for growth:

- Cross-Border and Trade Business: New opportunities will open up in cross-border payment, cross-border transaction, and trade business

- NRI (Non-Resident) Business: RBL Bank will see an increase in its ability to open NR accounts and accept remittance flows. ENBD operates in the GCC sector, which accounts for the highest inward remittance flow to India

- Corporate Banking: The synergy will facilitate competing for and doing more business with Indian corporates operating in the GCC region, as well as corporates from the UAE/GCC operating in India. This is expected to accelerate growth in the corporate segment significantly

- Portfolio Focus: Although RBL Bank is currently retail and MSME heavy, the attraction for ENBD included RBL's strong retail franchise and its execution capacity. The future strategy will be based on scaling the existing business while also adding new businesses

Required Statutory Approvals

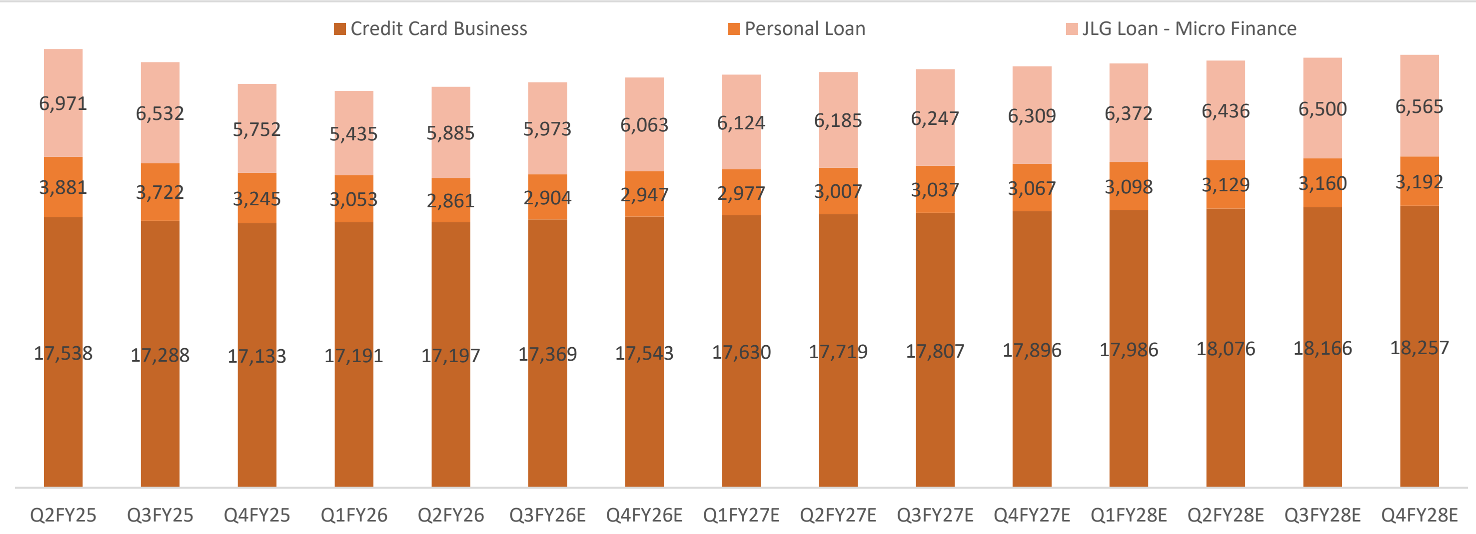
The completion of the deal is subject to receiving various approvals, collectively referred to as the “Required Statutory Approvals.” These include, but are not limited to:

- Reserve Bank of India (RBI): Approvals for the Acquirer to hold between 51% and 74% of the share capital, amendments to RBL Bank’s Articles of Association, director appointments, and a dispensation from certain dilution requirements.
- Competition Commission of India (CCI): Approval for the combination under the Competition Act, 2002.
- Department for Promotion of Industry and Internal Trade (DPIIT): Approval for the Acquirer to hold more than 49% and up to 74% of the share capital.
- Government of India: Specific approval for “Dual Presence,” allowing the Acquirer to hold shares in RBL Bank while temporarily continuing its branch operations.
- Central Bank of the United Arab Emirates (CBUAE): Prior approval for the transaction.
- RBL Bank Shareholders: Approval for the preferential allotment of shares.

The timelines for the transaction will be determined based on the receipt of the requisite regulatory approvals. However, as per Emirates NBD, the transaction is expected to be completed by the end of June 2026.

Loan Book / Advances

Exhibit 2: Unsecured Retail lending (Rs. Crs)



Source: Systematix PCG Research

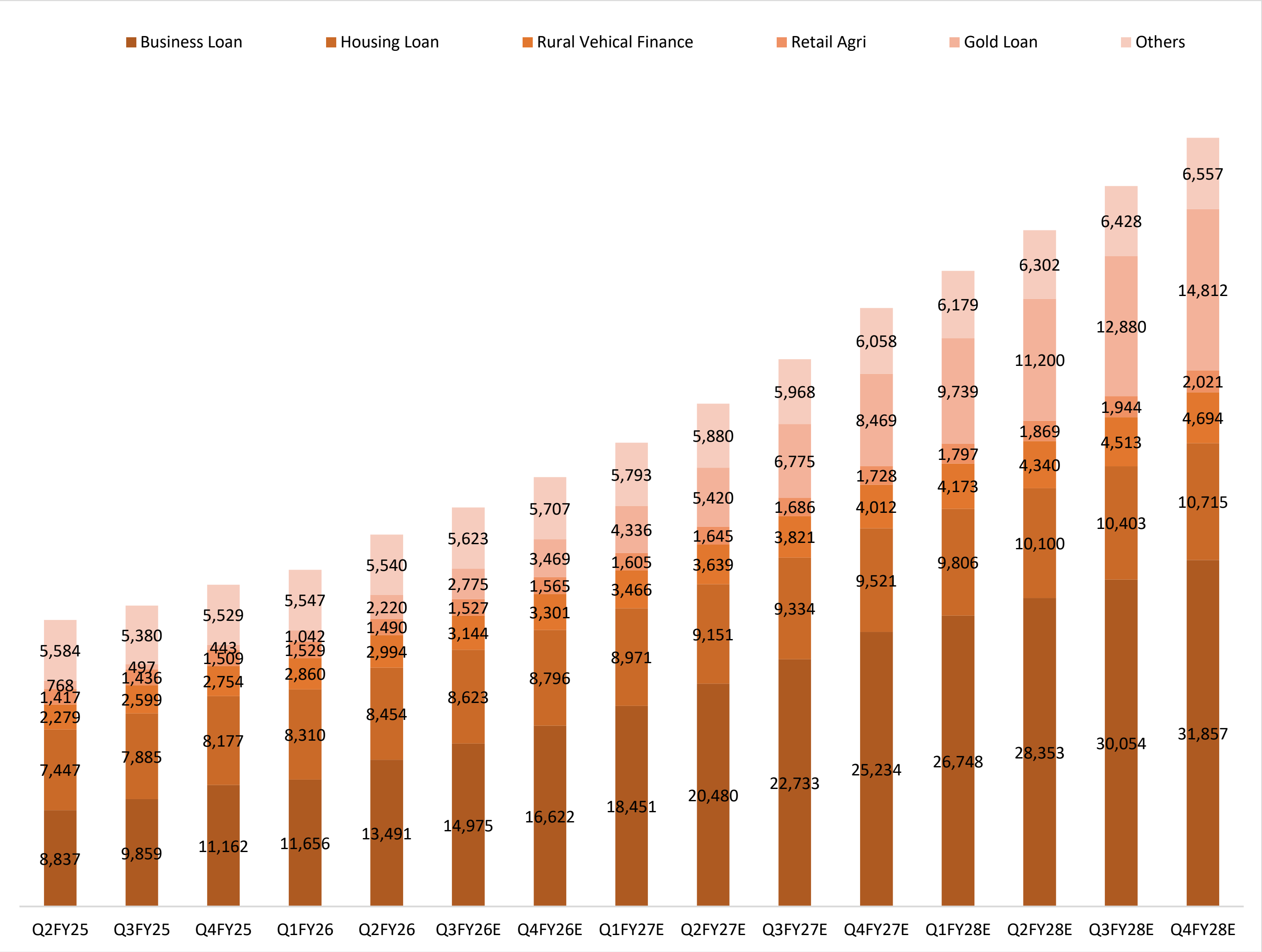
The bank has consciously moderated growth and reduced the overall exposure to the unsecured retail segment as part of a strategy to improve the overall risk profile and quality of the balance sheet

Moderation and Mix: Growth in unsecured retail has been deliberately moderated. In Q4FY25, total retail growth was largely driven by an 8% YoY de-growth in unsecured segments. By Q1FY26, unsecured retail segments saw a 10% YoY de-growth. Over six quarters leading up to Q2FY26, the share of unsecured retail has decreased from 34% to around 26% of total advances. The lower contribution from the unsecured book is noted as a reflection of lower risk on the balance sheet. The sequential decline in Net Interest Margin (NIM) in Q1FY26 was partly due to the lower contribution from unsecured businesses, which marked the low point for margins. Despite moderation, the bank anticipates the unsecured portfolio to grow in high single digits to low-teens for FY26.

Joint Liability Group (JLG) or microfinance segment has been a key focus area for asset quality stabilization. Collection efficiencies have improved, and the portfolio is trending toward normalization. The JLG book was consciously reduced by 23% to Rs. 5,752 crore as of March 2025, ensuring tighter control. To clean up the portfolio, the bank took aggressive provisioning in Q4FY25—100% on Net NPAs and 75% (Rs. 283 crore) on SMA accounts—bringing net NPA to zero. Slippages declined sequentially, and further improvement is expected from coming quarter. The JLG portfolio will remain a smaller share of total advances at 4–6%, reflecting a calibrated and quality-focused growth approach.

Credit Card (CC) and Personal Loan (PL) portfolio remains a key franchise growth lever, aimed at acquiring quality customers and deepening engagement. Growth was modest at 3% YoY in FY25, with mid-single-digit expansion expected in FY26 as the bank prioritizes quality over scale. Following the exit of the Bajaj Finance co-brand, the business underwent consolidation and model redesign, now focusing on higher-quality customers from Q3 FY26 onward. Asset quality has stabilized, supported by an aggressive provisioning policy—70% at NPA and 100% at 120 DPD. Slippages declined sequentially (Rs. 444 crore in Q4FY25 vs Rs. 533 crore in Q3FY25), with normalization expected by H2FY26. The bank sold Rs. 900 crore of fully provided vintage card loans to an ARC to refocus collection efforts on newer vintages. Elevated collection costs temporarily impacted profitability as in-house migration accelerated, but expenses are expected to moderate from Q3FY26 through AI-led and data-driven collection efficiencies.

Exhibit 3: Secured Retail lending (Rs. Crs)



Source: Systematix PCG Research

Strategic Importance and Growth in Secured retail lending

RBL Bank has strategically increased the share of secured retail assets to strengthen its risk profile and drive sustainable, profitable growth. Secured retail loans now constitute 34% of total advances as of Q2FY26, up from 25% in March 2024, reflecting a successful portfolio shift. These assets grew 23% YoY in Q1FY26, with management guiding for 25–30% growth through FY26. After two years of investment, secured retail products turned PBT positive as a cohort in Q2FY26, with the entire portfolio expected to be fully profitable by year-end.

Secured Retail Portfolio Poised to Double/Triple by Q4FY28, Driven by Strong Growth in Business and Gold Loans

The Secured Retail Composition data, covering the period from Q2FY25 actuals to Q4FY28E, reflects a robust upward trajectory in total secured retail assets — projected to rise from Rs. 26,332 crore in Q2FY25 to Rs. 70,656 crore by Q4FY28E. Among key segments, Business Loans remain the dominant contributor, expanding significantly from Rs. 8,837 crore to Rs. 31,857 crore. Housing Loans display steady growth, increasing from Rs. 7,447 crore to Rs. 10,715 crore, while Rural Vehicle Finance advances from Rs. 2,279 crore to Rs. 4,694 crore. The Gold Loan segment stands out with the highest percentage growth, surging nearly nineteenfold from Rs. 768 crore to Rs. 14,812 crore. Meanwhile, Retail Agri posts a moderate rise from Rs. 1,417 crore to Rs. 2,021 crore, and the Others category shows a slight increase from Rs. 5,584 crore to Rs. 6,557 crore.

Key Product Segments

The secured retail portfolio includes mortgages, business loans, and vehicle financing. Business and housing loans collectively grew 34% YoY in Q1FY26, while the mortgage portfolio (home loans and LAP) posted similar growth in FY25. The working capital and tractor finance portfolios crossed Rs. 2,000 crore and Rs. 3,000 crore, respectively, with tractor finance remaining highly profitable. Affordable housing and small-ticket LAP are being scaled up through RBL Finserve (RFL), the bank's BC subsidiary, with meaningful expansion expected over the next two to three quarters. Gold loans are sourced entirely through branches, keeping acquisition costs low.

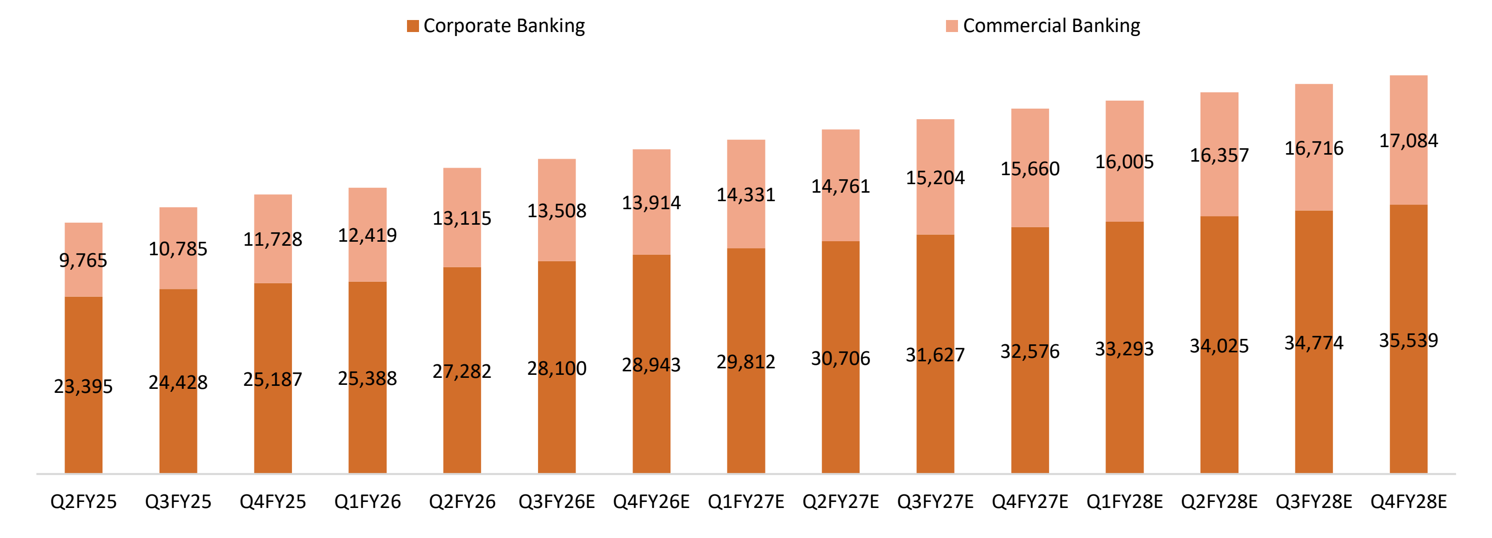
Sourcing and Distribution

The bank's secured retail growth is driven by a strong branch-led model, aimed at deepening customer relationships and expanding regional reach. Over 60% of leads for retail assets now originate from branches. Branches are playing an active role in cross-selling mortgages and business loans through preapproved offers and targeted customer engagement. This approach, particularly in Tier 2 and Tier 3 markets, enables better yield realization in products like affordable housing and small LAP. Current Housing Loan stands at Rs. 8,454 crore in Q2FY26 and is expected to grow to Rs. 10,715 crore by Q4FY28E.

Asset Quality and Credit Performance of Secured Book

Secured retail assets demonstrate strong asset quality, with near-zero net slippages and eight consecutive quarters of negligible credit cost. A temporary rise in Q1FY26 slippages was attributed to two large but well-secured accounts in the business banking portfolio, with recoveries expected over the next six to nine months. Overall, credit costs for secured retail assets are expected to remain minimal compared to unsecured segments like credit cards and microfinance.

Exhibit 4: Wholesale Advances (Rs. Crs)



Source: Systematix PCG Research

RBL Bank follows a disciplined and selective approach in wholesale banking, emphasizing quality growth and targeted segment focus.

Asset Quality of Wholesale Advances

The wholesale portfolio continues to demonstrate exceptional credit quality and stability.

- Near-Zero Credit Cost: It has recorded eight consecutive quarters of negligible credit cost.
- Minimal Slippages: Strong underwriting and monitoring practices have ensured near-zero net slippages.
- High-Quality Book: About 80% of the wholesale portfolio is rated 'A' and above, reflecting superior credit standards.

Future Outlook and Acceleration

The bank is confident about accelerating growth in wholesale advances, supported by improved capital strength and strategic partnerships.

- FY26 Growth Guidance: The wholesale book is expected to grow by 10–12% (mid-teens range) for FY26.
- Enhanced Growth Potential: Post the capital infusion from Emirates NBD, the bank anticipates significant expansion opportunities, particularly in corporate, SME, and commercial banking, with potential 2–3x growth.

Overall, wholesale banking remains a cornerstone of RBL Bank's diversified growth strategy—anchored in quality, profitability, and scalable opportunities enabled by its partnership with Emirates

Deposit : Bank Sees Deposit Growth Driven by Retail CASA and Term Deposits; Cost of Funds Shows Volatility

The bank has seen its total deposits grow from Rs. 107,959 Crs in Q2FY25 to Rs. 116,667 Crs in Q2FY26. Over this period, the Deposit Composition shows a consistent increase in Term Deposits (TD), rising from Rs. 71,735 Crs to Rs. 79,498 Crs, while Current Accounts (CA) and Savings Accounts (SA) experienced minor fluctuations but generally trended slightly upward. The Segment Composition indicates a small but steady shift towards Retail deposits, which have increased from Rs. 67,368 Crs to Rs. 72,736 Crs. The Average CASA ratio peaked at 29.7% in Q4FY25 before settling at 28.5% in Q2FY26, with the Average SA ratio showing a slight decline overall. Additionally, Granular Deposits (less than 3crs) improved significantly, growing from 48.4% to 51.0%, and the Retail TD + CASA percentage also increased from 63.6% to 65.3%. The Cost of SA consistently hovered around 6.40% for the first four quarters before dropping to 5.80% in Q1FY26, while the Cost of TDs remained relatively stable, fluctuating between 7.58% and 7.69% for most of the period before declining to 7.52% in Q2FY26.

Asset Quality : Recoveries and Write-Offs Drive Asset Quality Gains; Credit Cards & Personal Loans Lag

Asset Quality reveals a general improvement in the Total Closing Balance of problematic assets, which decreased from Rs. 2,686 Crs to Rs. 2,378 Crs. This overall reduction was driven by a significant decline in the Wholesale segment (from Rs. 482 Crs to Rs. 335 Crs) and the JLG segment (from Rs. 1,288 Crs to Rs. 1,027 Crs). The decrease was supported by a higher volume of Recoveries (Rs. 89 Crs to Rs. 105 Crs) and Write Offs (Rs. 698 Crs to Rs. 1,035 Crs) in Q2FY26 compared to Q1FY26, despite lower Additions during the period (Rs. 1,060 Crs to Rs. 925 Crs). However, the Credit Cards & Personal Loans segment showed a deterioration, with its Closing Balance increasing from Rs. 314 Crs to Rs. 412 Crs, and this segment recorded the highest Net Slippages in both quarters (Rs. 494 Crs and Rs. 519, Crs respectively). Notably, Total Net Slippages saw a sharp drop from Rs. 918 Crs in Q1FY26 to Rs. 727 Crs in Q2FY26, and the NPA Provision as of date decreased from Rs. 2,257 Crs to Rs. 1,805 Crs.

Distribution Network

The bank has a robust distribution network with 564 branches, 1,347 BC branches, and 415 ATMs, serving 14.98 million customers across more than 600 districts and 18,000+ pincodes. Its deposit base is largely concentrated in Metro & GIFT locations (87,168 deposits, 75%), followed by Urban (21,690, 19%), Semi-Urban (6,102, 5%), and Rural areas (1,048, 1%). Branch presence varies across India, with states like Maharashtra (141 branches), Tamil Nadu (62), Karnataka (61), and Gujarat (37) having the highest numbers, while regions like Puducherry, Northeast states, and Daman & Diu have minimal branches. Retail liabilities are predominantly from Individuals/HUF (59%), followed by FI/Banks/Govt/Corporates (29%), TASC & Diplomats (8%), and Proprietor/Partnerships (4%). Notably, ~80% of Savings Accounts and ~65% of new Term Deposits were opened digitally in Q2 FY26, reflecting the bank’s strong focus on digital adoption.

Exhibit 5:

Income Statement (Rs.cr.)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	12,394	14,039	14,514	17,798	21,247
Less: Interest Expense	6,351	7,576	8,238	9,245	9,850
Net Interest Income	**6,043**	**6,463**	**6,276**	**8,553**	**11,397**
Other Income	3,043	3,806	4,077	4,628	5,312
Operating Income	**9,086**	**10,269**	**10,353**	**13,181**	**16,709**
Employee Cost	1,492	1,734	1,949	2,400	2,900
Other Operating Expenses	4,563	4,908	5,283	6,200	7,200
Total Operating Expenes	**6,055**	**6,642**	**7,232**	**8,600**	**10,100**
Pre-Provision Operating Profit (PPOP)	**3,031**	**3,627**	**3,121**	**4,581**	**6,609**
Provisions & Contingencies	1,778	2,959	1,842	1,800	2,150
Profit Before Tax	1,252	668	1,279	2,781	4,459
Taxes	84	-27	304	681	1,092
Tax (%)	7%	-4%	24%	25%	25%
Profit After Tax (PAT)	**1,168**	**695**	**975**	**2,099**	**3,366**

Source: Systematix PCG Research

Net Interest Income (NII) is expected to grow at a 17% CAGR from FY24 to FY28E, reaching Rs. 11,397 Cr, while interest income is projected to rise at a 14% CAGR to Rs. 21,247 Cr. This growth is driven by a strategic shift toward secured retail loans, now 34% of total advances (up from 25% in March 2024), which grew 23% YoY in Q2FY26, with management targeting 25–30% growth through FY26. After two years of investment, secured retail products turned PBT positive in Q2FY26, with the full portfolio expected to be profitable by year-end, supporting safer and sustainable growth. RBL Bank has actively reduced deposit costs—TD rates were cut 40–70 bps in Q1 FY26, and SA rates were gradually lowered—resulting in a notable decline in cost of funds by Q2, though future improvements may moderate.

PPOP to be flattish or lower than FY25, with recovery likely in H2FY26 as margins bottom out by Q1FY26–Q2FY26. Improvement drivers include margin expansion from lower deposit costs and opex moderation through technology, operational efficiency, and productivity gains. The conservative outlook factors in lower contribution from unsecured businesses.

Post-ENBD Transaction: The US$3 billion equity infusion strengthens net worth, supporting long-term ROA expansion and overall profitability, despite potential short-term PPOP margin pressure from asset mix changes.

Provisions: The bank's NPA provisions decreased from Rs. 2,257 Cr in Q1FY26 to Rs. 1,805 Cr in Q2FY26, reflecting improved asset quality and higher recoveries and write-offs during the quarter. A similar trend is expected in the coming quarters and financial year, as the focus more toward the secured loan book.

Profit After Tax (PAT) is expected to recover sharply, rising from Rs. 695 Cr in FY25 to Rs. 975 Cr in FY26E and tripling to Rs. 3,366 Cr in FY28E. This growth is supported by a strong NII CAGR of 17% (FY24–FY28E), improved margins from lower deposit costs, and a moderation in provisions as the bank focuses on a safer, more profitable secured retail loan portfolio.

About the Company

RBL Bank is one of India's leading private sector banks, with a legacy that dates back to 1943. Headquartered in Mumbai, the Bank has grown into a dynamic financial institution offering a comprehensive range of banking products and services tailored to diverse customer segments — from small farmers to high-net-worth individuals (HNIs), as well as small and medium enterprises, large corporations, and government entities.

With a strong emphasis on innovation, customer-centricity, and digital transformation, RBL Bank continues to expand its reach and impact. As on FY25, Bank serves over 15.17 million customers through an extensive network of 562 branches and 1,474 business correspondent branches (including 297 banking outlets) across 28 Indian states and union territories.

Awards Through the Years

Growth and Strategy (Standalone – FY2024-25)

During FY2024-25, RBL Bank executed a strategic pivot towards prudent, collateral-backed lending, driving a healthier and more resilient balance sheet. This strategic realignment resulted in a stable advances mix of 60.1% Retail and 39.9% Wholesale by the end of the fiscal year.

- **Advances and Portfolio Shift**
- The Bank's Total Advances (Net) grew to Rs.92,618 crore as of March 31, 2025.
- The share of secured advances within the retail portfolio increased sharply to 31% of gross advances, up from 25% in the previous year.
- Net secured retail advances grew by a robust 43% year-on-year, reaching Rs.29,573 crore.
- Growth was strong across key product lines:
    - Mortgage disbursements amounted to Rs.7,383 crore, representing over 42% of total retail disbursements.
    - The Wheels Loan portfolio grew 42% YoY to Rs.1,971 crore.
    - Two-Wheeler loans surged by 335%, reaching Rs.283 crore.
- The Loan Against Gold Ornaments (LAGO) business expanded more than 22 times compared to FY2022-23.
- In Commercial Banking, advances recorded a 29% YoY increase, reflecting healthy business traction.
- In the Microfinance (MFI) segment, the Bank adopted a conservative approach amid sectoral stress, increasing provisioning to achieve 100% coverage on the Joint Liability Group (JLG) portfolio. Total MFI disbursements during the year stood at Rs.4,231 crore.
- Nearly 90% of the Bank's micro-loan portfolio continues to be managed by its wholly owned subsidiary, RBL FinServe Limited.

Deposits and Digital Initiatives

- The Bank's Total Deposit Base (standalone) grew to Rs.1,10,944 crore as of March 31, 2025.
- Granular retail deposits rose 16% YoY and now represent nearly 50% of total deposits.
- The CASA ratio improved to 34.15%, underscoring a stronger deposit franchise.

- The Bank continued to advance its digital transformation agenda, launching the MyBank App, an integrated mobile banking platform offering seamless access to banking and financial services.

- RBL Bank also became one of the few banks in India to fully digitize its loan documentation process, incorporating e-signatures for retail asset products to enhance customer experience and operational efficiency.

Asset Quality and Capital Position

- Asset quality improved substantially, with the Gross NPA ratio declining to 2.60%, and the Net NPA ratio reducing sharply to 0.29%.

- The Provisioning Coverage Ratio (PCR) (excluding technical write-offs) strengthened to 89.02%, indicating a prudent risk management framework.

- The Bank maintained a Capital Adequacy Ratio (CRAR) under Basel III of 15.54%, comfortably above the regulatory minimum of 11.50%.

- The Common Equity Tier I (CET I) ratio stood at 14.06%, reflecting a strong capital base.

- The Board of Directors recommended a dividend of Rs.1 per equity share (10%) of face value Rs.10 each for FY2024-25.

Key Risks

Integration and Execution Risk:
The successful merger and operational integration of Emirates NBD's India operations with RBL Bank will be critical. Any delays, regulatory hurdles, or cultural misalignments could impact synergy realization and short-term performance.

Regulatory and Approval Risks:
The proposed Emirates NBD transaction requires multiple approvals from the RBI, SEBI, Central Bank of the United Arab Emirates (CBUAE) and CCI. Any change in regulatory stance on foreign ownership in private banks could delay or alter the transaction structure.

Asset Quality Vulnerability:
Despite improvement, exposure to MSME, vehicle finance, and microfinance segments may remain sensitive to economic shocks or interest rate volatility. Deterioration in these segments could pressure NPAs and provisioning.

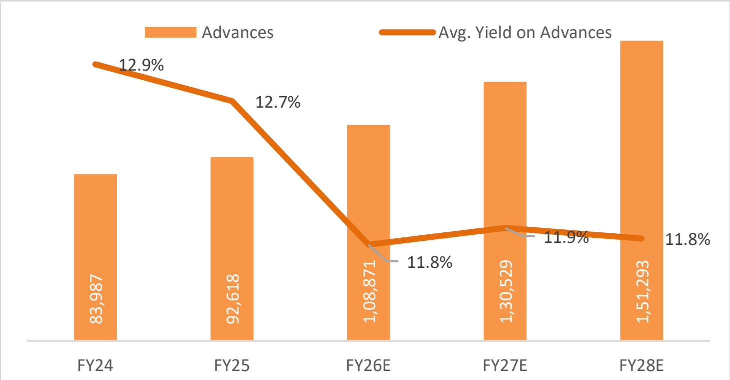
Management Transition Risk:
Although current leadership continuity has been assured, any potential management reshuffle post-acquisition could disrupt strategic focus and operational momentum.

Foreign Exchange and Cross-Border Exposure:
Increased engagement with the GCC corridor and cross-border trade finance may expose the bank to currency, geopolitical, and compliance-related risks.

Execution of Digital and Distribution Expansion:
The plan to rapidly scale distribution and digital capabilities carries execution and cost risks. Underperformance in digital adoption or high initial operating expenses could delay profitability gains.

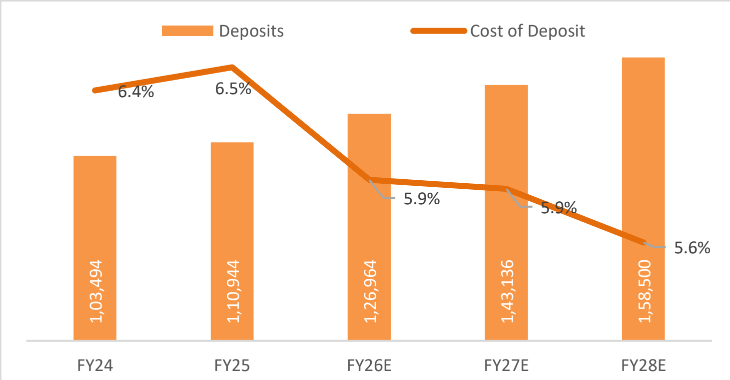
Story In Charts

Exhibit 6: Advance (Rs. Crs) / Avg. Yield on Advances



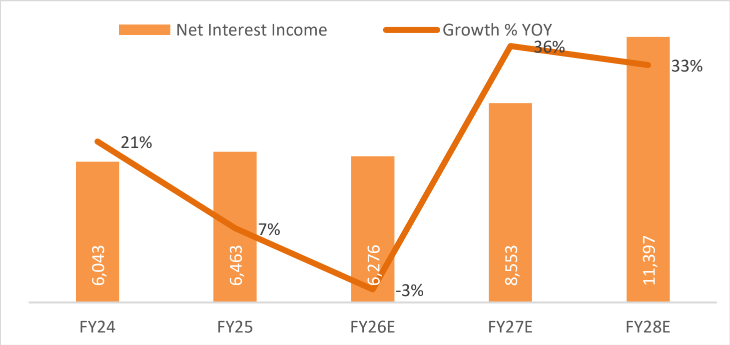
Source: Systematix PCG Research

Exhibit 7: Deposits (Rs. Crs) / Cost of Deposit



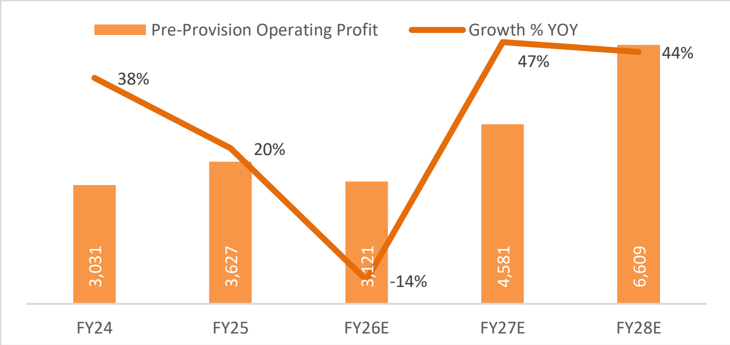
Source: Systematix PCG Research

Exhibit 8: NII (Figures Rs. Crs)



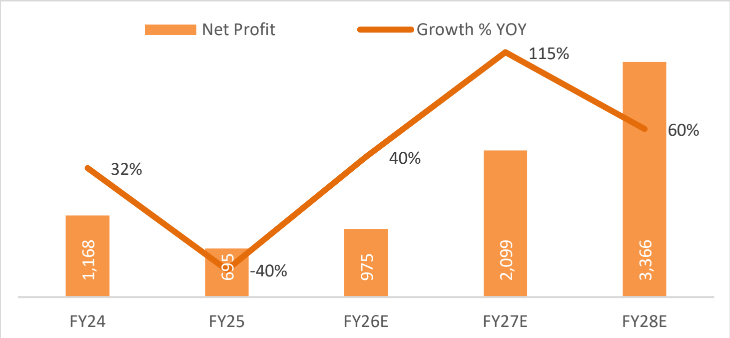
Source: Systematix PCG Research

Exhibit 9: PPOP (Figures Rs. Crs)



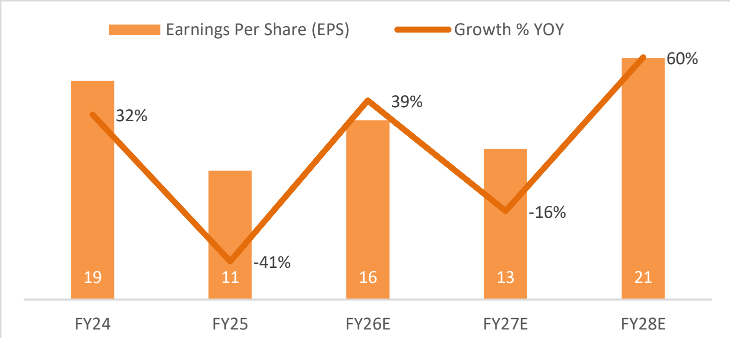
Source: Systematix PCG Research

Exhibit 10: PAT (Figures Rs. Crs)



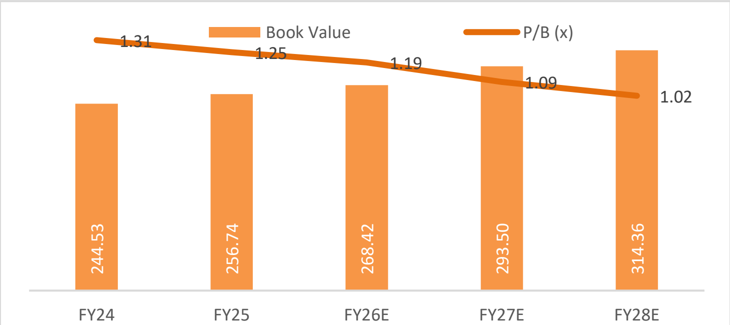
Source: Systematix PCG Research

Exhibit 11: EPS



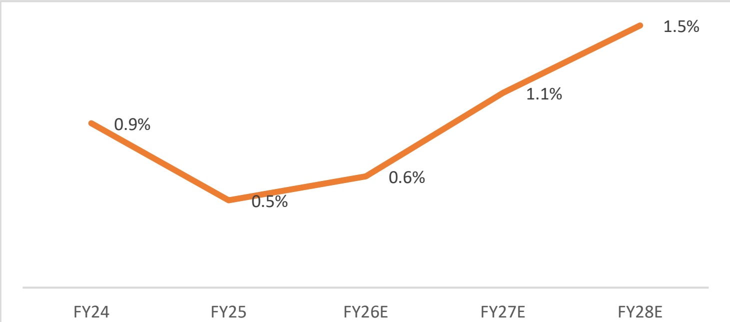
Source: Systematix PCG Research

Exhibit 12: Book Value per Share (x)



Source: Systematix PCG Research

Exhibit 13: ROA



Source: Systematix PCG Research

Financial Summary

Income Statement (Rs.cr.)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	12,394	14,039	14,514	17,798	21,247
Less: Interest Expense	6,351	7,576	8,238	9,245	9,850
Net Interest Income	**6,043**	**6,463**	**6,276**	**8,553**	**11,397**
Other Income	3,043	3,806	4,077	4,628	5,312
Operating Income	**9,086**	**10,269**	**10,353**	**13,181**	**16,709**
Employee Cost	1,492	1,734	1,949	2,400	2,900
Other Operating Expenses	4,563	4,908	5,283	6,200	7,200
Total Operating Expenes	**6,055**	**6,642**	**7,232**	**8,600**	**10,100**
Pre-Provision Operating Profit (PPOP)	**3,031**	**3,627**	**3,121**	**4,581**	**6,609**
Provisions & Contingencies	1,778	2,959	1,842	1,800	2,150
Profit Before Tax	1,252	668	1,279	2,781	4,459
Taxes	84	-27	304	681	1,092
Tax (%)	7%	-4%	24%	25%	25%
Profit After Tax (PAT)	**1,168**	**695**	**975**	**2,099**	**3,366**
Balance Sheet (Rs.cr.)					
Fixed Assets	532	577	651	704	777
Investments	29,576	32,165	32,375	63,456	62,187
Loans & Advances	83,987	92,618	1,08,871	1,30,529	1,51,293
Cash and cash equivalents	12,071	10,965	11,294	10,955	12,040
Bal. with banks and money at call & short notice	2,346	1,595	1,722	1,740	1,827
Other assets	9,921	8,806	11,733	11,967	12,327
Total Assets	**1,38,432**	**1,46,725**	**1,66,646**	**2,19,351**	**2,40,451**
Equity Capital	605	608	613	1,572	1,572
Reserves & Surplus	14,191	14,999	15,841	44,566	47,845
Networth	14,796	15,607	16,454	46,138	49,417
Deposits	1,03,494	1,10,944	1,26,964	1,43,136	1,58,500
Borrowings	14,184	13,734	15,794	19,884	18,507
Other liabilities & provisions	5,958	6,441	7,434	10,194	14,027
Total Liabilities	**1,38,432**	**1,46,725**	**1,66,645**	**2,19,351**	**2,40,451**

Basic Ratios (Rs.)	FY24	FY25	FY26E	FY27E	FY28E
EPS	19.30	11.44	15.91	13.36	21.41
Growth (%)	31%	-41%	39%	-16%	60%
Book Value	245	257	268	293	314
Growth (%)	8%	5%	5%	9%	7%
Valuation Ratios					
P/E	16.59	28.00	20.14	23.98	14.96
P/BV	1.31	1.25	1.19	1.09	1.02
ROE (%)	8.23%	4.57%	6.08%	6.71%	7.05%
ROA (%)	0.92%	0.49%	0.62%	1.09%	1.46%
Spreads (%)					
Avg. Yield on Loans	12.9%	12.7%	11.8%	11.9%	11.8%
Cost of Funds	5.6%	5.9%	5.9%	5.8%	5.6%
NIM	5.1%	4.9%	4.3%	4.7%	5.3%
Business Ratios (%)					
Loans/Deposit Ratio	81.15%	83.48%	85.75%	91.19%	95.45%
CASA Ratio	35.22%	34.15%	32.28%	34.98%	35.18%
Cost/Assets	4.37%	4.53%	4.34%	3.92%	4.20%
Cost/Total Income	66.64%	64.68%	69.86%	65.25%	60.45%
Int. Expense/Int.Income	51.24%	53.96%	56.76%	51.94%	46.36%
Empl. Cost/Total opex	24.64%	26.11%	26.96%	27.91%	28.71%
Asset Quality (%)					
Gross NPA	2.7	2.6	2.4	2.3	2.3
Net NPA	0.7	0.3	0.5	0.4	0.4
Margin (%)					
PPOP Margin	24.5	25.8	21.5	25.7	31.1
PAT Margin	9.4	5.0	6.7	11.8	15.8
Growth Ratio (%)					
Credit Growth	19.62	10.28	17.55	19.89	15.91
Deposit Growth	21.92	7.20	14.44	12.74	10.73
Int. Income	30.3	13.3	3.4	22.6	19.4
Int. Expenses	35.8	19.3	8.7	12.2	6.5
NII	24.9	7.0	-2.9	36.3	33.2
PPOP	37.6	19.7	-13.9	46.8	44.3

DISCLOSURES/APPENDIX

Analyst Certification

I/we, Hitendra V Gupta and Chetan Sharma hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers refewrred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by Systematix Shares and Stocks (India) Limited (SSSIL) or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock (%)	None
Served as an officer, director or employee	No

ISSUER SPECIFIC REGULATORY DISCLOSURES, unless specifically mentioned in point no. 9 below:

1. The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
2. The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
4. The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
5. The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
6. SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
7. The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
8. The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
9. There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.
10. Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Y/N
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	N
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	N
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	N
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	N
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	N

EXPLANATION TO RATINGS: BUY: TP>15%; ACCUMULATE: 5%<TP<15%; HOLD: -5%<TP<5%; REDUCE: -15%<TP<-5%; SELL: TP<-15%

DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy completeness or correctness.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to PCG investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication, redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSIL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSIL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The compensation of the analyst who prepared this document is determined exclusively by SSSIL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSIL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSIL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSIL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSIL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSIL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSIL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSIL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSIL through this presentation.

SSSIL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.

SYSTEMATIX GROUP™
Investments Re-defined

EMPOWERING INVESTORS
A SEBI Initiative

Systematix Shares and Stocks (India) Limited
Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
CIN : U65993MH1995PLC268414| BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-CDSL-246-2004 (DP Id: 34600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | Investment Advisor SEBI Reg. No. INA000010414| AMFI : ARN – 64917