

## RBL Bank Ltd — 31 Oct 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings (CareEdge)
Rating Change	CARE AA- Reaffirmed; Outlook moved from <b>Stable</b> → <b>Rating Watch with Positive Implications (RWP)</b>
Outlook (Current vs Previous)	<b>Watch Positive vs Stable</b>
Key Drivers of Change	<ol style="list-style-type: none"> <li><b>Transformational Capital Infusion:</b> Proposed ₹29,253 Cr infusion from Emirates NBD (ENBD) for a 60% stake will nearly triple Net Worth from ₹15,356 Cr to over ₹44,000 Cr.</li> <li><b>Strategic Ownership Shift:</b> Acquisition by ENBD (60% + potential 26% open offer) provides a strong global parent and operational synergies via branch amalgamation (₹2,400 Cr value).</li> <li><b>Scale Potential:</b> Massive capital buffer will enable aggressive scaling of advances (currently ₹1,00,529 Cr) and diversification.</li> <li><b>Capital Buffers:</b> Post-deal CAR will significantly exceed current levels (15.02%) and internal thresholds (14%).</li> </ol>
Rated Instruments	<ul style="list-style-type: none"> <li><b>Tier II Bonds:</b> ₹800 Cr   CARE AA- (RWP)</li> <li><b>Certificate of Deposit:</b> ₹6,000 Cr   CARE A1+ (Reaffirmed)</li> </ul>
Key Observations	<ul style="list-style-type: none"> <li><b>Unsecured Stress:</b> 26% of total book is high-risk (Credit Cards, MFI, Personal Loans); MFI stress remains a monitorable.</li> <li><b>Profitability Pressure:</b> ROTA moderated to 0.49% in FY25 (from 0.92% in FY24) due to high credit costs (₹2,959 Cr) and elevated Cost-to-Income (64.67%).</li> <li><b>Deposit Profile:</b> CASA ratio weakened to 31.86% (Sept '25) from 34.15% (Mar '25); high reliance on bulk deposits (Top 20 = 13.59%).</li> <li><b>Asset Quality:</b> GNPA improved to 2.32% (Sept '25), but slippages remain high at 4.30% (annualized).</li> <li><b>Liquidity:</b> Strong with LCR at 126.98% against 100% regulatory requirement.</li> </ul>
Investor Impact	<ul style="list-style-type: none"> <li><b>Equity Value:</b> Massive book value accretion; Net Worth jumps ~186%.</li> <li><b>Dilution Risk:</b> Preferential issue to ENBD is substantial; current shareholders face major stake dilution but gain from a stronger, "well-capitalized" entity.</li> <li><b>Growth/Margins:</b> Significant headroom for growth in secured retail (Housing/LAP); NIMs may face short-term pressure due to repo rate transmission and high cost of funds.</li> </ul>
Agency / Cross Analysis	<b>Same Agency (CARE):</b> What changed is the triggers—previously, ratings were constrained by asset quality and moderate ROTA. This review pivots entirely on the <b>ENBD Corporate Action</b> . CARE moved to "Watch Positive" immediately after the Oct 18, 2025 announcement, signaling that while current financials are "Moderate," the impending capital infusion is a credit-positive catalyst that outweighs standalone performance risks.
Final Inference	<b>Real Improvement:</b> The rating action is a "Credit-Positive" signal based on structural change (M&A) rather than operational recovery. While unsecured loan stress and CASA attrition are active risks, the massive capital cushion (₹29k Cr+) effectively de-risks the balance sheet.