RBL Bank Ltd — FY 2026 Annual Report Analysis

Annual Report Analysis (Consolidated)

Source: CRORES. All figures Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

Investor Snapshot

#	Analytical Point	Sentiment
1	**What This Company Is:** A mid-sized Indian private sector bank transitioning from a high-yield, unsecured retail-heavy model to a balanced corporate-commercial franchise following a 60% majority stake acquisition by Emirates NBD.	Neutral
2	**The Year in One Line:** Revenue ₹14,337 Cr (up 2.11%), NIM 4.5% (down from 5.1%), Net Profit ₹879 Cr (up 23%), and Net Cash Flow ₹10,547 Cr (vs -₹1,608 Cr), anchored by a historic capital infusion.	Neutral
3	**Emirates NBD Strategic Infusion:** A ₹26,016 Cr primary capital infusion surged the Total Capital Adequacy Ratio (CAR) to 33.3% from 14.3%, effectively eliminating solvency risk and creating a well-funded proxy for the India-GCC trade corridor.	**Positive**
4	***Earnings Quality Warning:*** Net Profit of ₹879 Cr was heavily defended by ₹3,770.48 Cr in technical write-offs (225% of closing GNPA) and ₹114.95 Cr in provision reversals from standard assets (10.4% of PBT) to mask elevated retail stress.	***Negative***
5	**Structural Loan Book Pivot:** The bank executed a defensive shift as secured retail advances grew 36% and business loans 50.5%, while high-risk unsecured credit cards and personal loans contracted by 5.2% and 8.8% respectively.	**Positive**
6	***NIM Compression:*** Net Interest Margin retracted 60 bps from 5.1% to 4.5% as the yield on advances plummeted 140 bps (13.5% → 12.1%) due to the pivot toward lower-yielding, collateral-backed corporate and commercial assets.	***Negative***
7	**Improved Solvency Profile:** Total CAR post-infusion reached 33.3% (vs 15.54% prior), providing a massive buffer against regulatory shifts and enabling aggressive future asset expansion.	**Positive**
8	**Deposit Franchise Growth:** Total deposits expanded 25.3% to ₹1,39,018 Cr, with retail-tier deposits (under ₹3 Cr) now capturing 46% of the aggregate base, strengthening the funding granularly.	**Positive**
9	**Microfinance Normalization:** Peak quarterly slippages in the JLG (Microfinance) segment fell dramatically from ₹536 Cr to ₹87 Cr, with 95% of the portfolio now covered by CGFMU insurance.	**Positive**
10	**Digital Adoption:** The 'MyBank' mobile platform captured 72% of eligible client registries, while 91% of JLG originations were digitized through RBL Finserve's 1,080 touchpoints.	**Positive**
11	***Organic Asset Quality Stress:*** Fresh slippages of ₹3,816.84 Cr remained elevated, actually exceeding the total closing GNPA stock of ₹1,674.95 Cr, suggesting underlying volatility in the ₹37,062 Cr unsecured portfolio (32.4% of book).	***Negative***
12	***CASA Deterioration:*** The CASA ratio dipped from 34.14% to 33.62% as term deposits grew 6x faster (26.3% YoY) than savings deposits (4.2% YoY), increasing the bank's reliance on higher-cost funding.	***Negative***
13	***Contingent Liability Surge:*** Total contingent liabilities rose to ₹1,40,828 Cr (7.7x annual revenue), driven by a 327% spike in derivative assets (₹616 Cr → ₹2,632 Cr), increasing balance sheet sensitivity to market volatility.	***Negative***
14	***Opaque Operating Costs:*** "Other Expenditure" stood at ₹3,477.09 Cr (18.8% of total revenue), a "black box" expense that is 3.9x the size of the bank's annual Net Profit.	***Negative***
15	***Funding Concentration:*** Borrowings outside India reached ₹11,783 Cr, accounting for 70.2% of total borrowings, exposing the margin to international rate cycles and refinancing risks.	***Negative***
16	**What to Watch - NIM Floor:** Monitor if Net Interest Margin stabilizes above 4.0%; a further drop would indicate the pivot to secured lending is diluting profitability faster than cost-savings can offset.	Neutral
17	**What to Watch - Slippage Run-rate:** The current quarterly slippage run-rate is ₹954 Cr; a sustained move above ₹1,250 Cr would signal the need for further aggressive provisioning despite the capital buffer.	Neutral
18	**What to Watch - CASA Recovery:** The target is a reversal in the Savings Account growth rate (currently 4.2% YoY) to close the gap with Term Deposit growth (26.3% YoY) and reduce the cost of funds (currently 6.2%).	Neutral

1. BUSINESS OVERVIEW

RBL Bank's structural composition of gross advances and funding reflects a deliberate asset reallocation strategy following the strategic entry of Emirates NBD as a majority stakeholder.

Table 1 — The Loan Book

Segment	Advances (₹Cr)	% of Book	YoY %	GNPA % in Segment
Corporate Banking	31,845	27.9%	26.4%	Not Disclosed
Business Loans	16,793	14.7%	50.5%	Not Disclosed
Credit Cards	16,250	14.2%	-5.2%	Not Disclosed
Commercial Banking (Mid Corp & SME)	15,267	13.4%	30.2%	Not Disclosed
Others (incl. Gold Loans & OD)	10,209	8.9%	71.0%	Not Disclosed
Housing Loans	8,717	7.6%	6.6%	Not Disclosed
Microfinance (JLG)	7,702	6.7%	33.9%	Not Disclosed
Rural Vehicle Finance	3,044	2.7%	10.5%	Not Disclosed
Personal Loans	2,960	2.6%	-8.8%	Not Disclosed
Retail Agri	1,445	1.3%	-4.3%	Not Disclosed
Total Advances (Net/Gross Mix Context)	**1,14,232**	**100.0%**	**23.3%**	**1.45% (Overall)**

Table 2 — Where the Money Comes From

Source	Amount (₹Cr)	% of Funding	YoY %	Cost / Tenor Disclosed
Term Deposits	92,294	59.2%	26.3%	6.2% Blend Cost of Deposits
Current Account Deposits	25,922	16.6%	44.6%	Not Disclosed
Savings Account Deposits	20,802	13.4%	4.2%	Standard rationalized SA rates applied
Borrowings	16,794	10.8%	22.3%	6.2% Total Cost of Funds
Total Funding Base	**1,55,812**	**100.0%**	**25.0%**	**6.2% Composite Cost**

- **Loan Book Composition and Growth Drivers:** Growth was predominantly propelled by non-individual corporate assets, with commercial banking climbing 30.2% and business loans expanding 50.5%, illustrating a sharp migration away from volatile unsecured retail lines. Unsecured segments like credit cards and personal loans contractually receded by 5.2% and 8.8% respectively, validating management's defensive portfolio rebalancing to increase the mix of collateral-backed exposures.
- **Yield on Advances and Cost of Funds:** The yield on advances experienced substantial compression, plummeting 136 basis points from 13.5% to 12.1% as higher-yielding unsecured books were cleared in favor of prime corporate and commercial loan balances. Simultaneously, the bank managed down its cost of deposits by 30 basis points to 6.2%, capturing structural tailwinds from a 125-basis-point drop in the benchmark repo rate.
- **Net Interest Margin (NIM) and its Drivers: Net Interest Margin** retracted sharply from 5.1% to 4.5% year-on-year, directly penalized by the contraction of high-velocity credit card balances and yield normalization. High competition for systemic liquidity forced a structural dependency on term products, which expanded 26.3%.
- **Asset Quality and Provisioning:** Asset quality registered distinct operational improvements as **GNPA** dropped to 1.45% from 3.37% and **NNPA** stabilized at 0.39%, primarily driven by normalized collection patterns in the microfinance (JLG) segment. JLG peak quarterly slippages fell dramatically from ₹536 crore down to ₹87 crore. Risk management insulation includes a fixed 1% contingent provision buffer covering standard JLG lines, with 95% of the microfinance portfolio covered by CGFMU.
- **Deposit Franchise and Funding Mix:** Total deposits expanded by 25.3% to ₹1,39,018 crore, establishing a highly granular retail liability tier where balances under ₹3 crore capture 46% of the aggregate base. The underlying **CASA** mix dipped marginally from 34.1% to 33.6%. Wholesale deposit dependency remains concentrated, with the top 20 depositor threshold anchoring 15.8% of aggregate bank liabilities.
- **Capital Adequacy and Growth Funding:** The bank's equity profile underwent a structural transformation via a milestone primary capital infusion of ₹26,016 crore by Emirates NBD, who secured a 60% strategic stake. This infusion pushed the total **Capital Adequacy Ratio** to a peer-leading 33.3% post-allocation, creating a long-term buffer against regulatory shifts.
- **Branch, Digital, and Distribution Reach:** The network scaled to 628 core branches across 28 states, with a selective deployment into key non-resident corridors like Kerala (13 of 23 new units). The digital architecture was consolidated under the 'MyBank' mobile operating system, capturing 72% of eligible client registries.

- **Subsidiaries and Associates:** Operations heavily rely on RBL Finserve Limited (RFL), which commands 1,080 distribution touchpoints and originates 91% of the bank's total JLG loan book. RFL has been strategically redirected to cross-sell collateralized asset options, including affordable housing loans and micro-LAP.

2. MANAGEMENT COMMENTARY & OUTLOOK

Management has executed a surgical rebalancing of the loan book, trading high-yield volatility for balance sheet durability. The entry of Emirates NBD (ENBD) as a 60% majority stakeholder has fundamentally altered the bank's risk-bearing capacity, shifting the investment thesis from stabilization to leverage and ROE expansion.

Topic	What management actually said	Their words (Verbatim)	Number or timeline given?
Vision and Strategy	Transition from defensive stabilization to aggressive, balanced growth.	"shift from a concentrated lending approach towards a balanced and calibrated portfolio."	Vision 2047 / "RBL Care 2026"
Loan Growth by Segment	Aggressive on secured retail and commercial banking; measured on unsecured.	"Retail advances increased by 20%, led by robust growth of 36% in secured retail advances."	23.3% total growth
NIM Guidance & Levers	Acknowledged compression due to portfolio shift and rate cycle.	"funding mix increased pressure on Net Interest Margins (NIMs)"	NIM at 4.5%
Asset Quality & Credit Cost	Significant improvement in GNPA; JLG stress is normalizing.	"Gross NPA declined to 1.45%, while Net NPA stood at 0.39%."	JLG slippage: 536 Cr (Q3FY25) to 87 Cr (Q3FY26)
Deposit and CASA	Shift toward granular retail funding; CASA ratio under pressure.	"CASA ratio stood at 33.6%, while the Liquidity Coverage Ratio remained healthy at 125%"	CASA 33.6%
Capital Adequacy	Historic infusion created an industry-leading buffer.	"Total capital adequacy ratio of 33.3%, RBL Bank is backed by one of the strongest capital positions"	33.3% CRAR
JVs and Partnerships	ENBD is the primary strategic driver; reduced reliance on sourcing partners.	"Emirates NBD acquired a 60% stake in RBL Bank through a primary capital infusion"	60% stake
Technology and AI	Scaling GenAI and unified digital platforms.	"moved beyond isolated proof-of-concept initiatives towards enterprise-wide adoption of Generative AI"	72% customer adoption of MyBank
Industry Outlook	Optimistic on India's GDP; cautious on credit-deposit divergence.	"economy recorded provisional growth of 7.7%... although advances continued to outpace deposits"	7.7% GDP growth
Company Outlook	Focus on the India-GCC corridor and "premiumization."	"partnership also strengthens the India-GCC Corridor... wealth management capabilities, digital platforms"	FY 2026-27 focus
Challenges/ Headwinds	Geopolitical volatility and rising cost of funds.	"Higher energy prices, weaker manufacturing activity, and tighter financial conditions"	Global growth 3.0%
Opportunities	NRI banking, Wealth Management, and "Premiumization" of cards.	"once-in-a-generation opportunity to create value... transition the organic gold loan business to a 100% branch-led model"	4.63M cards in force

- Management is executing a pivot from partnership-led (fintech) credit card sourcing to a fully integrated in-house model to capture the full customer lifecycle, even at the cost of short-term volume.
- The ENBD synergy is being operationalized through geographic expansion, specifically targeting Kerala to capture NR/Remittance flows, providing the first tangible evidence of revenue synergy.
- For the first time in three years, management's tone on Microfinance (JLG) has shifted to "normalization," supported by expanding CGFMU coverage to 95% of the standard portfolio.
- Management has adopted a pragmatic view on **CASA**, acknowledging systemic high-interest-rate pressures and prioritizing "granular retail deposits" over the absolute **CASA** ratio.

• The leadership tone has transitioned from **Defensive/Recovery-oriented** to **Calibrated Aggression**, bolstered by the **60% ENBD stake** which has effectively eliminated liquidity and solvency risks, allowing a focus on **Operating Efficiency**.

3. FINANCIAL ANALYSIS

3.1 Financial Statements

Source: Screener.in — all monetary values in Crores. Use these numbers directly.

Basis: CONSOLIDATED.

P&L Statement (□Crores)

Line Item	Mar 2026	Mar 2025
Revenue -	14,337.00	14,041.00
Sales Growth %	2.11	13.29
Interest	7,975.00	7,576.00
Expenses -	9,136.00	9,312.00
Manufacturing Cost %	1.31	1.17
Employee Cost %	17.00	15.57
Other Cost %	45.42	49.58
Financing Profit	-2,774.00	-2,847.00
Financing Margin %	-19.00	-20.00
Other Income -	4,127.00	3,778.00
Exceptional items	0.00	1.00
Other income normal	4,127.00	3,777.00
Depreciation	247.00	236.00
Profit before tax	1,106.00	696.00
Tax %	21.00	-3.00
Net Profit -	879.00	717.00
Profit from Associates	0.00	0.00
Minority share	0.00	0.00
Exceptional items AT	0.00	1.00
Profit excl Excep	879.00	716.00
Profit for PE	879.00	716.00
Profit for EPS	879.00	717.00
Profit Growth %	23.00	-43.00
EPS in Rs	14.22	11.80
Dividend Payout %	7.00	8.00

Balance Sheet (□Crores)

Line Item	Mar 2026	Mar 2025
Equity Capital	618.00	608.00
Reserves	16,106.00	15,062.00
Deposits	138,959.00	110,933.00
Borrowing	16,796.00	13,735.00
Other Liabilities -	8,267.00	6,435.00
Non controlling int	0.00	0.00
Trade Payables	954.00	780.00
Other liability items	7,312.00	5,654.00
Total Liabilities	180,747.00	146,772.00
Fixed Assets -	602.00	638.00
Building	52.00	52.00
Other fixed assets	2,075.00	1,918.00
Gross Block	2,127.00	1,970.00
Accumulated Depreciation	1,525.00	1,333.00
CWIP	21.00	7.00
Investments	32,059.00	32,103.00
Other Assets -	148,066.00	114,025.00
Cash Equivalents	14,012.00	10,965.00
Loans n Advances	231.00	187.00
Other asset items	133,823.00	102,873.00
Total Assets	180,747.00	146,772.00

Cash Flow Statement (₹Crores)

Line Item	Mar 2026	Mar 2025
Cash from Operating Activity -	7,578.00	-829.00
Profit from operations	4,155.00	4,309.00
Loans Advances	-24,423.00	-12,113.00
Operating investments	-16.00	-2,321.00
Operating Deposits	28,074.00	7,712.00
Other WC items	-66.00	1,762.00
Working capital changes	3,569.00	-4,960.00
Direct taxes	-146.00	-178.00
Cash from Investing Activity -	-191.00	-276.00
Fixed assets purchased	-235.00	-288.00
Fixed assets sold	10.00	8.00
Capital WIP	0.00	0.00
Other investing items	34.00	5.00
Cash from Financing Activity -	3,160.00	-503.00
Proceeds from shares	160.00	38.00
Proceeds from borrowings	3,061.00	0.00
Repayment of borrowings	0.00	-450.00
Dividends paid	-61.00	-91.00
Other financing items	0.00	0.00
Net Cash Flow	10,547.00	-1,608.00
Free Cash Flow	7,353.00	-1,109.00
CFO/OP	149.00	-14.00

3.2 Financial Analysis Summary

- The bank's **Net Interest Income (NII)** declined by **1.6%** to **₹6,360 Cr**, despite a **2.11%** growth in total **Interest Earned** to **₹14,337 Cr**, driven by significant **NIM** compression from **5.1%** to **4.5%**.
- The **Yield on Advances** dropped by **140 bps** (**13.5%** to **12.1%**) while the **Cost of Funds** only moderated by **40 bps** to **6.2%**, resulting in a **NIM proxy** of **3.88%**, the lowest in a five-year window.
- Reported **GNPA** ratio improved to **1.45%** from **2.60%**, but this was driven by **₹3,770.48 Cr** in **Technical Write-offs**; fresh **Slippages** remained elevated at **₹3,816.84 Cr**, exceeding the total closing **GNPA** stock of **₹1,674.95 Cr**.
- Without aggressive write-offs, the **GNPA** would have been approximately **₹5,445 Cr**, signaling underlying credit stress in the **₹37,062.34 Cr Unsecured Advances** portfolio (**32.4%** of total book).
- **Interest Accrued** on **Other Assets** remains high at **₹1,272.64 Cr**, and the bank recognized **₹114.95 Cr** in reversals from **Provisions** for Standard Assets to support the **PBT** of **₹1,106 Cr**.
- The **CASA Ratio** deteriorated to **33.62%** from **34.14%**, with **Term Deposits** growing at **26.26%** YoY (**₹92,245 Cr**), indicating a shift toward higher-cost funding.

- **Borrowings** outside India (**□11,783 Cr**) account for **70.15%** of total borrowings, exposing the **NIM** to international rate volatility and refinancing risk.
- **Total CAR** declined to **14.25%** from **15.54%** pre-infusion, with **Equity to Assets** hitting a window low of **9.25%**; however, the post-FY ENBD infusion surged **CAR** to **33.28%**.
- **Other Expenditure** (Schedule 16) at **□3,477.09 Cr** acts as a "black box" of costs, exceeding the entire **Net Profit** (**□879.05 Cr**) by nearly 4x and consuming **18.83%** of total revenue.
- **Contingent Liabilities** surged to **□1,40,828.51 Cr**, representing **7.7x** the annual **Revenue** and **78%** of the total **Balance Sheet**, driven by a **327%** spike in **Derivatives Assets**.
- **PAT** growth of **23%** was fundamentally reliant on a lower **Provisioning Charge** (**□2,376.37 Cr** vs **□3,104.93 Cr**) rather than core **NII** expansion.
- The bank's financial theme of the year is a cosmetic balance sheet cleanup via massive write-offs and provision reversals to mask core **NIM** compression and elevated retail slippages.

3.3 Contingent Liabilities & Commitments

- **Total Contingent Liabilities:** □1,40,828.51 Cr (7.7x total revenue).
- **Forward Exchange Contracts:** □64,511.01 Cr (20.8% YoY increase).
- **Interest Rate / Cross Currency Swaps:** □49,668.82 Cr.
- **Tax & Other Matters:** □229.92 Cr.
- **Provident Fund Dispute:** A significant dispute exists with PF authorities regarding the applicability of the EPF Act, pending with CGIT; no provision has been made for this potential liability.
- **Regulatory Matters:** Unclaimed deposits transferred to DEAF rose 23% to □63.68 Cr.

3.9 Earnings Quality & Forensic Checks

Read	Question	Verdict	Confidence	Checked
1	Is the income real?	***WATCH***	high	4/4
2	Is the book honestly provisioned?	***FLAG***	high	6/6
3	Is the P&L being manufactured?	***WATCH***	high	4/4
4	Is value leaving to insiders?	□**CLEAN**	high	3/3
5	Can the capital and funding base take a hit?	***WATCH***	high	6/6

Read 1 — Is the income real? → WATCH

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
Net interest income vs treasury/trading gains	Rs 347.52 Cr	Rs 395.40 Cr	Rs 347.52 Cr -> Rs 395.40 Cr (+13.8%), which is 2.1% of Total Revenue	CLEAN	n/a	Note 14, p.461
Fee and other income quality	Rs 3,047.12 Cr	Rs 3,347.76 Cr	Rs 3,047.12 Cr -> Rs 3,347.76 Cr (+9.9%), which is 18.1% of Total Revenue	CLEAN	Recurring fee income comprises 81.1% of non-interest income	Note 14, p.461
Interest on income-recognition-suspended accounts	not disclosed	nil	The company confirms interest on NPAs is recognized only on realization	CLEAN	Prevents accrual of unearned interest on stressed assets	Note 9, p.469
Yield on advances vs cost of funds	not disclosed	10.2% vs 5.0%	Interest expense growth (7.0%) outpaced interest income growth (3.9%)	WATCH	Narrowing margins due to rising cost of funds	Note 15, p.461

Mechanism: Income is driven by core interest and recurring fee income (81% of other income), with treasury gains contributing minimally to the top line. **Aggregate impact:** Total Revenue of Rs 18,463.93 Cr is supported by high-quality fee income, though margin compression is visible. **Trend:** Total income growth slowed to 2.1% in FY26 compared to a prior 5-year mean of 10.4%, marking the lowest growth in the 10-year window. **Direction:** stable · **Watch next:** Interest expense growth relative to yield on advances

Read 2 — Is the book honestly provisioned? → FLAG

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
GNPA / NNPA movement and recognition	Rs 2,465.47 Cr	Rs 1,674.95 Cr	Rs 2,465.47 Cr -> Rs 1,674.95 Cr (-32.1%), which is 0.9% of Total Assets	CLEAN	Headline GNPA ratio improved to 1.45%	Note Asset Quality, p.497
Provision coverage ratio	not disclosed	73.5%	Closing Provision for NPA Rs 1,232.22 Cr against GNPA of Rs 1,674.95 Cr	CLEAN	n/a	Note Asset Quality, p.497
Divergence reported by the regulator	not disclosed	not disclosed	not disclosed	UNRESOLVED	n/a	Note Auditor Notes, p.444
Write-offs vs recoveries	not disclosed	Rs 3,770.48 Cr vs Rs 433.00 Cr	Write-offs are 8.7x the value of organic recoveries and 225% of closing GNPA	FLAG	GNPA reduction is driven by aggressive technical write-offs rather than recoveries	Note Asset Quality, p.497
Restructured / SMA book	not disclosed	Rs 2.50 Cr	Reflected in FITL balance in respect of NPA accounts	CLEAN	n/a	Note Asset Quality, p.497
Fresh evergreening checks	not disclosed	not disclosed	not disclosed	UNRESOLVED	n/a	Note Auditor Notes, p.444

Mechanism: The reduction in GNPA is not organic; massive write-offs (Rs 3,770.48 Cr) were required to offset fresh slippages of Rs 3,816.84 Cr, which exceeded the opening GNPA balance. **Aggregate impact:** Headline GNPA would have been 3.2x higher (Rs 5,445.43 Cr) without technical write-offs. **Trend:** The bank relies heavily on retail/credit cards (56% of funded exposure), which drives high slippage volumes. **Direction:** deteriorating · **Watch next:** Fresh slippage volume relative to total advances

Read 3 — Is the P&L being manufactured? → WATCH

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
Floating / counter-cyclical provision usage	Rs 11.37 Cr	Rs -114.95 Cr	Reversal of Rs 114.95 Cr from Standard Asset provisions, which is 10.4% of PBT	□ WATCH	Directly propped up PBT by Rs 114.95 Cr	Note 10, p.481
Deferred tax asset recognition	Rs 663.31 Cr	Rs 544.27 Cr	Net DTA decreased by Rs 119.04 Cr, which is 0.07% of Total Assets	□ CLEAN	Utilization of DTA indicates higher cash-tax payments	Note 7, p.479
Exceptional items	nil	nil	No exceptional items reported in P&L	□ CLEAN	n/a	Note Note 13 & 14, p.460
Accounting-policy or estimate change	none	Rs 75.58 Cr	Adoption of revised RBI investment valuation norms resulted in a transfer to general reserves	□ WATCH	Masks the movement in investment reserves by bypassing the P&L	Note Investment Valuation, p.454

Mechanism: Pre-tax profit was propped up by a significant reversal of standard asset provisions (10.4% of PBT) and a reduction in the provisioning charge for advances. **Aggregate impact:** Provision write-backs (Standard Assets + Investments) contributed Rs 120.71 Cr to PBT. **Trend:** PAT margin of 6.1% relies on provision reversals. **Direction:** deteriorating · **Watch next:** Sustainability of standard asset provision reversals

Read 4 — Is value leaving to insiders? → CLEAN

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
Related-party and group exposures	Rs 0.07 Cr	Rs 0.01 Cr	Rs 0.07 Cr -> Rs 0.01 Cr (-85.7%), which is <0.01% of Total Assets	□ CLEAN	n/a	Note 3, p.477
KMP remuneration vs profit	Rs 8.56 Cr	Rs 9.76 Cr	Rs 8.56 Cr -> Rs 9.76 Cr (+14.0%), which is 0.15% of NII	□ CLEAN	Remuneration is well-controlled relative to earnings	Note 3, p.477
Loans to directors / related entities	Rs 0.07 Cr	Rs 0.01 Cr	Advances to KMP and relatives are negligible and primarily relate to credit cards	□ CLEAN	n/a	Note 3, p.477

Mechanism: Related party transactions are immaterial, limited primarily to KMP remuneration and personal deposits/credit cards. **Aggregate impact:** Total KMP remuneration of Rs 9.76 Cr is 1.1% of PAT. **Trend:** Related-party value remains very low. **Direction:** stable · **Watch next:** Any new credit lines to entities where KMPs ceasing status are interested

Read 5 — Can the capital and funding base take a hit? → WATCH

Signal	Prior	This year	Δ	Status	Quantified impact	Evidence
CAR / CET1 headroom	not disclosed	14.25% / 12.77%	Headroom of 275 bps above total CAR requirement and 477 bps above CET1 requirement	□ WATCH	Capital position is robust but lacks AT1 buffer	Note Capital Adequacy, p.489
AT1 and Tier-2 instruments, write-down history	Rs 854.75 Cr	Rs 948.35 Cr	Tier 2 capital increased slightly; AT1 capital is nil	□ WATCH	Bank relies solely on common equity for Tier 1 capital	Note Capital Instruments, p.513
Credit-deposit ratio	83.5%	82.2%	Rs 92,618.27 Cr / Rs 1,10,932.90 Cr -> Rs 1,14,231.94 Cr / Rs 1,38,959.35 Cr	□ CLEAN	n/a	Note Balance Sheet, p.450
Wholesale funding concentration / CASA mix	34.1%	33.6%	CASA ratio deteriorated as Term Deposits grew 26.3% vs Savings Deposits at 4.2%	□ WATCH	Increased reliance on more expensive and sensitive wholesale funding	Note Schedule 3, p.455
Contingent liabilities vs net worth	7.0x	8.4x	Rs 1,40,828.51 Cr vs Net Worth of Rs 16,724.24 Cr	□ WATCH	Contingent liabilities are 7.7x total revenue and 78% of balance sheet size	Note Schedule 12, p.450
Fixed versus floating split / repricing	not disclosed	1-day bucket mismatch	Liabilities from banks (Rs 1,656.19 Cr) exceed Cash/RBI balances (Rs 1,078.82 Cr) in the 1-day bucket	□ WATCH	Reliance on short-term wholesale fund rollovers for liquidity	Note ALM Maturity, p.496

Mechanism: Capital adequacy is healthy, but the funding base is shifting toward expensive term deposits (CASA down to 33.6%) and foreign currency wholesale borrowings (70% of total borrowings). **Aggregate impact:** High reliance on wholesale funding and a massive contingent liability profile (8.4x net worth) create structural sensitivity. **Trend:** Equity to assets at 9.25% is a window low. **Direction:** deteriorating · **Watch next:** Growth in savings bank deposits vs term deposits

Material notes captured | Note | Discloses | Prior | This year | Impact | Signal | |---|---|---|---|---|---| | 11 (p.459) | ***Derivatives Asset balance spike*** | Rs 616.01 Cr | Rs 2,632.25 Cr | 327% increase indicating high volatility in trading/hedging book | negative | | 12 (p.485) | ***Unclaimed deposits transferred to DEAF*** | Rs 51.74 Cr | Rs 63.68 Cr | 23% increase in inert accounts potentially attracting regulatory scrutiny | negative | | 2h (p.466) | ***Provision for AFS investments charged to reserves rather than P&L*** | not disclosed | not disclosed | Avoids P&L hits for impairments where unrealized gains exist in AFS-Reserve | negative | | 11 (p.459) | ***Priority Sector Shortfall Deposits*** | Rs 4,554.93 Cr | Rs 3,605.58 Cr | Penal deposits for failing targets; significant low-yielding asset base | negative | | 12 (p.485) | ***Provident Fund Dispute*** | n/a | n/a | Unprovisioned potential liability regarding EPF Act applicability | negative |

4. MANAGEMENT & GOVERNANCE

A. Auditor Report & Key Audit Matters

- **Audit Opinion: Unqualified.** The joint statutory auditors (Singhi & Co. and KKC & Associates LLP) state the statements give a true and fair view in conformity with AS and RBI guidelines.
- **Key Audit Matter 1: Information Technology (IT) Systems:** Focus on the reliability of Core Banking Solution (CBS), user access management, and data integrity for accurate financial reporting.
- **Key Audit Matter 2: Income Recognition, Asset Classification and Provisioning on Advances (IRAC):** Auditors flagged the considerable management estimation involved in identifying NPAs and calculating provisions for the ₹1,14,231.94 Cr book.
- **Audit Fees:** Total consolidated fees were ₹3.24 Cr, with non-audit fees at ₹0.48 Cr (17.84% of audit fees).
- **Frauds Reported:** 13 cases (8 financial) totaling ₹0.88 Cr were reported.

B. Related Party Transactions

Party	Relationship	Nature	Amount (₹Cr)	Concern
KMP & Relatives	Management	Remuneration	9.76 Cr	□
KMP & Relatives	Management	Deposits Outstanding	11.20 Cr	□
KMP & Relatives	Management	Advances Outstanding	0.01 Cr	
KMP & Relatives	Management	Interest Paid on Deposits	0.82 Cr	□

- **RPT Verdict:** Clean. Transactions are immaterial (0.09% of Net Total Income) and limited primarily to standard remuneration and personal deposits.

C. Shareholding

Category	% Holding (Mar 2026)
Promoter (Emirates NBD)	60.00%
Public / Others	40.00%

- Emirates NBD became the 'Promoter' on June 18, 2026, via a preferential allotment for ₹26,015.77 Cr. No promoter pledges are disclosed.

D. Board Composition

- **Total Directors:** 10.
- **Independent %:** 60.00% (6 out of 10).
- **Women Directors:** 2 (Ms. Ranjana Agarwal, Ms. Veena Mankar).
- **Chairman/MD Separation:** Yes. Mr. Chandan Sinha (Part-time Chairman) and Mr. R. Subramaniakumar (MD & CEO).
- **Fit-and-Proper:** NRC confirmed all Directors meet RBI requirements.

E. KMP Compensation

Total KMP aggregate remuneration was **₹9.76 Cr**, representing **0.09% of Net Total Income** and **0.29% of EBITDA** (Operating Profit / PPOP of ₹3,299 Cr). This is significantly below our benchmark of 1.3–2.6% of EBITDA, indicating a conservative compensation structure relative to operating scale. The MD & CEO reappointment w.e.f. June 23, 2025, includes a ₹5162 Cr remuneration package approved by the RBI. Aggregate KMP pay grew 14.02% YoY, outstripping the 2.40% growth in Net Total Income.

F. Capital Allocation & Dividend Policy

Action	FY Current (₹ Cr)	FY Prior (₹ Cr)	% of Net Income	Signal
Dividends	61.26 Cr	90.96 Cr	6.97%	□
Net Change in Borrowings	3,061.46 Cr	(450.27) Cr	348.27%	
Net Change in Deposits	28,026.45 Cr	7,462.47 Cr	3,188.27%	□
Tier 2 Notes (USD)	948.35 Cr	834.05 Cr	107.88%	□

- **CAPEX Analytical Notes:** Technology spend identified under the SAS Replacement Programme saved ₹9 Cr in licensing. Loan advances growth (₹24,423 Cr) was primarily self-funded by deposit growth (₹28,026 Cr).

G. Interest Income & Fee Income Recognition Policy

Interest income is recognized on an accrual basis, except for NPAs/NPIs where it is recognized on realization. Loan processing fees are recognized upfront when due, providing immediate P&L impact during disbursement cycles. For AFS investments, the bank charges provisions against the AFS-Reserve rather than the P&L to the extent of available gains.

H. Risks

#	Risk	Category	Description	Potential Impact	Severity
1	***Asset Quality***	Credit	High management estimation in NPA provisioning.	Direct hit to ₹879 Cr Net Profit.	□High
2	***Foreign Refinancing***	Liquidity	70% of borrowings (₹11,783 Cr) are outside India.	Exposure to global rate cycles/ currency.	□Medium
3	**Unsecured Exposure**	Credit	Unsecured advances are 32% of total book.	High slippage potential.	□High
4	**IT & Cyber**	Operational	Reliability of CBS for high volumes.	Systemic disruption risk.	□High
5	***Interest Rate (ALM)***	Market	Mismatch in 1-day maturity bucket.	NIM compression if rates spike.	□High

5. SCORECARD

Part A: Scorecard

Dimension	Rating (1–5)	Delta	Key Evidence	One-line Rationale
Business Quality	3	→	Secured retail up 36%; Credit card growth -5.2% (1.1, 2.0)	Pivoting to durability but margin-dilutive secured lending.
Financial Health	5	↑	Post-FY CAR 33.3% (1.0, 4F); GNPA 1.45% (3.2)	Best-in-class capital buffer following ENBD infusion.
Earnings Quality	2	↓	Write-offs 2.25x closing GNPA; Reversal of standard asset provisions (3.2, 3.9)	PAT growth supported by provision reversals and technical write-offs.
Management & Governance	5	↑	Clean RPT (4B); Unqualified Audit (4A); Zero pledge	Enhanced governance profile under ENBD stewardship.
Capital Allocation & Earnings Visibility	4	↑	Loan growth 23.3% funded by deposits (4F); CAR buffer 33.3%	Strong self-funding ratio and immense growth headroom.

BUSINESS POSITIVES (for this company this year) * □**Capital infusion:** 26,016 Cr primary infusion by Emirates NBD surged CAR to 33.3%, removing solvency risk. * □**Deposit growth:** 25.3% surge in deposits to 1,39,018 Cr, successfully funding 23.3% loan growth. * □**Asset Quality improvement:** Headline GNPA ratio dropped to 1.45% from 3.37%. * □**Strategic De-risking:** Secured retail advances grew 36%, reducing reliance on high-risk unsecured lines. * □**Digital Adoption:** 72% customer adoption of the unified "MyBank" platform.

BUSINESS NEGATIVES / CONCERNS (for this company this year) * □**NIM Compression:** Retracted sharply from 5.1% to 4.5% due to the secured lending pivot. * □**Organic Slippages:** Fresh slippages of 3,816.84 Cr exceeded the closing GNPA stock, masked by write-offs. * □**Write-off Reliance:** 3,770.48 Cr in technical write-offs were the sole driver of improved NPA ratios. * □**Cost Transparency:** "Other Expenditure" of 3,477 Cr lacks granular breakdown and is 4x the net profit. * □**Contingent Liabilities:** Exposure at 7.7x total revenue, primarily in foreign exchange derivatives. * □**CASA Deterioration:** Ratio dipped to 33.62% as term deposits grew 6x faster than savings deposits.

OVERALL SCORECARD SUMMARY RBL Bank is in a state of structural transition, characterized by exceptional financial strength following the Emirates NBD capital infusion, which has moved the bank to a stable-to-improving trajectory regarding solvency and governance. However, earnings quality is currently weak, as the bottom line is being defended through aggressive technical write-offs and provision reversals rather than core NII growth. The management has successfully improved the governance posture and capital allocation discipline, but remains challenged by the trade-off between balance sheet durability and NIM preservation.

Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	□	Unqualified opinion by Singhi & Co.
2	Promoter pledge = 0?	□	No pledges disclosed.
3	KMP pay < 5% of PAT?	□	1.1% of PAT (₹9.76 Cr / ₹879 Cr).
4	RPT quantum < 5% of revenue?	□	0.09% of Net Total Income.
5	Board > 50% independent?	□	60% Independent directors.
6	At least 1 woman director?	□	2 Women directors.
7	No statutory dues outstanding?	□	PF dispute pending at CGIT.
8	No fraud reported?	□	13 employee frauds (₹0.88 Cr).
9	Audit trail enabled?	□	Confirmed by auditors.
10	Frequent Auditor change	□	Joint auditors stable.
Final line: "Total: 8/10 □— Governance Rating: 5"			

6. HOW IT HAS BEEN DOING

6.1 The multi-year picture

Metric	5-yr mean	Range	This year	vs trend
Revenue growth %	10.43	-2.66–28.08	2.11	worse than trend
PAT margin %	5.78	-1.97–10.17	6.13	in line
ROA %	0.51	-0.16–0.91	0.49	in line
ROE %	4.55	-1.32–8.49	5.26	better than trend
NIM proxy %	4.46	4.16–4.75	3.88	worst in window
Equity to assets %	11.49	10.68–12.59	9.25	worst in window
Deposit growth %	14.21	7.21–26.37	25.26	better than trend
Financing margin %	-16.4	-28.0–-11.0	-19.0	worse than trend

6.2 Breaks from trend

- **THE BREAK** — Revenue growth slowed to 2.11% this year, falling 8.32 percentage points below the five-year mean of 10.43%.
- **THE MECHANISM** — Management executed a surgical rebalancing of the loan book, intentionally contracting high-velocity unsecured retail lines like credit cards (down 5.2%) and personal loans (down 8.8%) in favor of prime corporate assets, as described in the Management Commentary.
- **REAL OR ONE-OFF** — durable improvement
- **WHAT SETTLES IT** — Total income (interest earned plus non-interest income) in FY2027.

- **THE BREAK** — The NIM proxy fell to 3.88% this year, breaking below the prior five-year range of 4.16%–4.75% to hit a ten-year low.
- **THE MECHANISM** — Yield on advances plummeted 136 basis points from 13.5% to 12.1% as the portfolio shifted toward secured lending, while the cost of deposits only moderated by 30 basis points due to high competition for systemic liquidity, according to the Management Discussion and Analysis.
- **REAL OR ONE-OFF** — deterioration
- **WHAT SETTLES IT** — The disclosed Net Interest Margin (NIM) in the FY2027 report.

- **THE BREAK** — Equity to assets dropped to 9.25% this year, falling below the prior five-year mean of 11.49% and the prior floor of 10.68%.
- **THE MECHANISM** — Rapid balance sheet expansion, specifically a 25.3% growth in deposits used to fund a 23.3% increase in advances, outpaced organic equity growth before the strategic capital infusion was fully reflected, as seen in the Financial Analysis.
- **REAL OR ONE-OFF** — non-recurring item
- **WHAT SETTLES IT** — The equity to assets percentage in FY2027 following the Emirates NBD primary capital infusion.

- **THE BREAK** — Deposit growth reached 25.26%, exceeding the five-year mean of 14.21% by more than 11 percentage points.
- **THE MECHANISM** — The bank captured structural tailwinds from a focus on the India-GCC corridor and a granular retail liability strategy, where deposits under ₹3 crore now represent 46% of the base, as stated in the Management Commentary.
- **REAL OR ONE-OFF** — durable improvement
- **WHAT SETTLES IT** — Total deposit growth percentage in FY2027.

6.3 What has not changed

A structural feature of the business model is the reliance on high-yield retail segments (Credit Cards and Microfinance) which, while being calibrated this year, remains the primary engine for RoA expansion. This pivot is in its first year following the strategic entry of Emirates NBD as a majority stakeholder, shifting management behavior from defensive stabilization toward "calibrated aggression."

Asset quality management continues to follow a persistent pattern, now in its third year, of using aggressive technical write-offs to manage headline NPA ratios; this year's write-offs of ₹3,770.48 crore were 225% of the closing Gross NPA stock. The bank's extreme interest rate sensitivity remains a structural risk present across the whole window, with a 1% move in rates impacting nearly 45% of operating profit. Furthermore, the bank maintains a consistent "phygital" distribution strategy, combining a scaling branch network (628 branches) with high digital adoption, where 72% of customers are now on the unified "MyBank" platform. The reliance on RBL Finserve for 91% of JLG loan originations remains a core operational trait.

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7. INVESTOR VERDICT

THESIS: RBL Bank has transitioned into a highly capitalized (CAR 33.3%) proxy for the India-GCC trade corridor under Emirates NBD stewardship, trading short-term margin for long-term balance sheet stability.

RATIONALE: The ₹26,016 Cr infusion eliminates liquidity and solvency risks, though earnings are currently propped up by ₹3,770 Cr in write-offs to mask elevated unsecured slippages.

RE-EVALUATE WHEN: GNPA (pre-write-off) exceeds 5% of gross advances OR **NIM** falls below 4.0%.

BULL CASE: Full amalgamation of ENBD India operations and successful capture of the remittance corridor drives RoA toward 1.5% through fee income synergies.

BEAR CASE: Unsecured retail slippages continue to exceed 3,500 Cr annually, requiring repeated provision hits that neutralize the benefit of the high capital buffer.

KEY MONITORABLE: Quarterly fresh slippage run-rate: Currently 954 Cr/qtr → Watch threshold: >1,250 Cr/qtr.

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