




# RBL Bank Limited

Sector: Banking

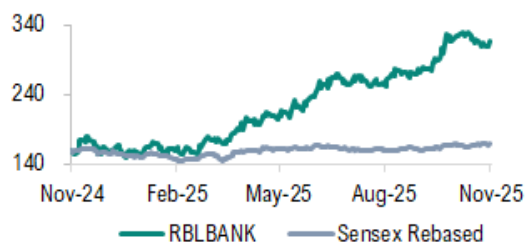
28<sup>th</sup> November, 2025
**ACCUMULATE**

Key Changes		Target 	Rating 	Earnings 		Target	Rs. 370
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 312
Small Cap	RBK:IN	85,720	RBLBANK	540065	12 Months	Return	+19%

Data as of: 27-11-2025, 18:00 hrs

Company Data			
Market Cap (Rs. cr)	19,368		
52 Week High — Low (Rs.)	332 - 146		
Outstanding Shares (cr)	61.3		
Free Float (%)	97.3		
Dividend Yield (%)	0.3		
6m average volume (cr.)	1.3		
Beta	1.9		
Face value (Rs. )	10.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	0.0	0.0	0.0
FII's	14.4	15.7	14.7
MFs/Insti	21.1	31.1	33.9
Public	41.4	33.0	32.7
Others	23.1	20.2	18.7
Total	100.0	100.0	100.0
Promoter Pledge	0.0	0.0	0.0
Price Performance	3 Month	6 Month	1 Year
Absolute Return	24.5%	55.1%	100.6%
Absolute Sensex	6.0%	4.2%	7.0%
Relative Return	18.5%	50.9%	93.6%

\*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Net Interest Income	6,463	6,496	8,243
Growth (%)	7.0	0.5	26.9
NIM (%)	5.4	4.9	5.3
Pre-Provision Profit	3,627	3,915	4,429
Net Profit	695	1,053	1,490
Growth (%)	-40.5	51.4	41.5
Adj. EPS	11.4	17.2	24.3
Growth (%)	-40.7	50.1	41.5
BVPS	253.9	268.1	291.4
P/E	15.2	18.5	13.1
P/B	0.7	1.2	1.1
RoE (%)	4.6	6.6	8.7
RoA (%)	0.5	0.7	0.8

## NII declined; Outlook positive

**RBL Bank is a private sector bank, with 564 branches and more than 1.6cr customers as of Q2FY26. It provides corporate, institutional, commercial, retail and agricultural development banking, as well as financial market access.**

- In Q2FY26, interest earned declined 0.7% YoY owing to reduced income on investments (-1.2% YoY), interest on balance with the Reserve Bank of India and other inter-bank funds (-31.7% YoY). Interest expenses increased 2.1% YoY to Rs. 1,957cr. As a result, net interest income (NII) decreased 4.0% YoY to Rs. 1,551cr in the quarter and net interest margin (NIM) fell 530bps YoY to 4.5%.
- Other income in the quarter increased by a slight 0.6% YoY to Rs. 933cr. Even though the core fee increased 13.0% YoY, growth in other income was impacted by Rs. 44cr due to the unlisted shareholding in Utkarsh holding company.
- Pre-provisioning operating profit decreased 19.9% YoY to Rs. 728cr owing to total expenses increasing 4.6% YoY.
- Reported profit after tax declined 19.8% YoY to Rs. 179cr owing to increased operating expenses and reduced NII.

## Outlook & Valuation

RBL bank showcased decreasing NII and profitability owing to less interest income earned and increased operating expenses. The bank's strong underwriting has resulted in minimal net slippages in wholesale and secured retail segments. RBL expects MFI portfolio to recover and return to pre-COVID stability levels in near term. The merger with Emirates NBD is expected to enhance growth of existing business along with increasing the bank's investments in technology and distribution, thereby driving revenue. Moreover, Expanding the distribution channel specially for SME and commercial banking segments, liability mobilization for growing retail deposits are expected increase growth in long term of the bank. Therefore, **we retain the ACCUMULATE rating on the stock, based on 1.3x FY27E book value per share, with a revised target price of Rs. 370.**

## Quarterly Financials Standalone

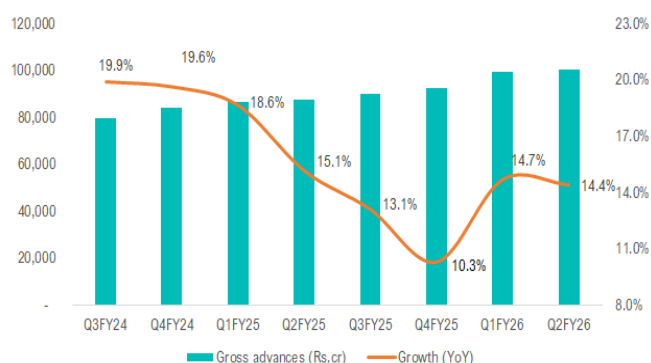
Rs.cr	Q2FY26	Q2FY25	YoY Growth (%)	Q1FY26	QoQ Growth (%)	H1FY26	H1FY25	YoY Growth (%)
Net Interest Income	1,551	1,615	-4.0	1,481	4.7	3,031	3,315	-8.6
Total Income	4,440	4,458	-0.4	4,511	-1.6	8,951	8,760	2.2
Total Expenditure	3,712	3,548	4.6	3,808	-2.5	7,519	6,991	7.6
Pre-Provision Profit	728	910	-19.9	703	3.6	1,431	1,769	-19.1
PBT	229	292	-21.6	261	-12.3	489	784	-37.6
Rep. PAT	179	223	-19.8	200	-10.9	379	594	-36.2
Adj PAT	179	223	-19.8	200	-10.9	379	594	-36.2
EPS (Rs.)	2.9	3.6	-20.7	3.3	-11.7	6.1	9.7	-36.5



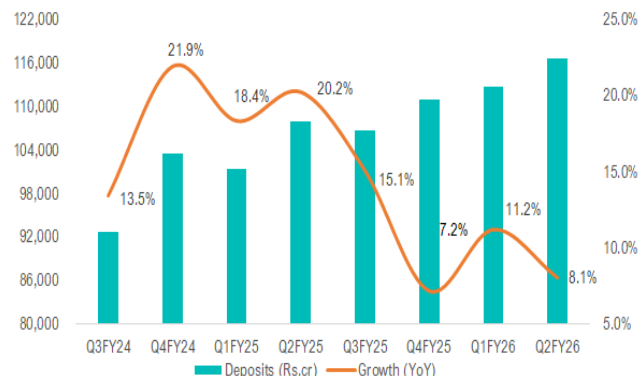
## Key Concall Highlights

- Advances grew 14% YoY to Rs. 100,529cr, with a 60:40 retail-to-wholesale mix. Retail advances increased 10% YoY, driven by growth in secured retail advances. However, unsecured retail fell 9% YoY. In wholesale, advances grew 22% YoY led by 34% YoY growth in commercial banking.
- In Q2FY26, total deposits increased 8% YoY to Rs. 116,667cr. CASA deposits were at Rs. 37,169cr, a 3% YoY growth with the CASA ratio at 31.9% vs 33.6% in Q2FY25.
- The GNPA and NNPA ratios improved to 2.32% (-55bps YoY) and 0.57% (-22bps YoY), respectively, indicating the company's improving asset quality.
- Emirates NBD would invest US\$3 billion in the RBL Bank to acquire a 60% stake, triggering an open offer, and later merge its Indian business with RBL Bank. This would take the net worth of the bank to Rs. 42,000cr.
- Yield on advances declined from 13.45% in Q2FY25 to 12.26% in Q2FY26 due to repo rate cuts. The cost of funds decreased from 6.57% in Q2FY25 to 6.23% in Q2FY26.
- Credit cost decreased from 80bps in Q2FY25 to 54bps in Q2FY26.

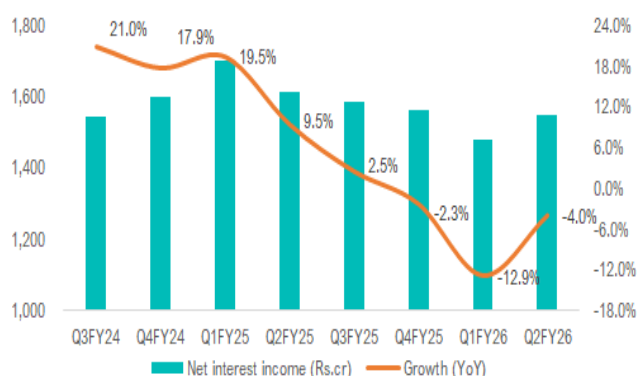
## Advances



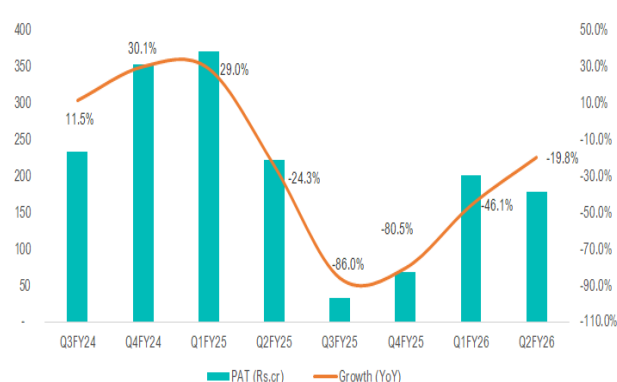
## Deposits



## Net Interest Income



## PAT



## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Net Interest Income	7,389	8,478	6,496	8,243	-12.1	-2.8
Net Interest Margin	5.5	5.6	4.9	5.3	-64bps	-27bps
Pre-Provision Profit	4,732	6,010	3,914	4,428	-17.3	-26.3bps
Net Profit	1,309	1,955	1,053	1,490	-19.6	-23.8
EPS	21.5	32.2	17.2	24.3	-20.1	-24.5



## Standalone Financials

### Profit & Loss

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Interest Income	9,677	12,394	14,039	15,230	18,008
Interest Expense	4,678	6,351	7,576	8,734	9,764
<b>Net Interest Income</b>	<b>4,998</b>	<b>6,043</b>	<b>6,463</b>	<b>6,496</b>	<b>8,243</b>
% Change	24.1	20.9	7.0	0.5	26.9
Non-Interest Income	2,489	3,043	3,806	4,872	5,846
<b>Net Income</b>	<b>7,488</b>	<b>9,086</b>	<b>10,269</b>	<b>11,368</b>	<b>14,089</b>
<b>Total Income</b>	<b>12,166</b>	<b>15,437</b>	<b>17,845</b>	<b>20,102</b>	<b>23,854</b>
Operating Ex- penses	5,285	6,055	6,642	7,453	9,661
<b>Total Expenditure</b>	<b>9,964</b>	<b>12,406</b>	<b>14,218</b>	<b>16,187</b>	<b>19,425</b>
<b>Pre-Provisioning Profit</b>	<b>2,202</b>	<b>3,031</b>	<b>3,627</b>	<b>3,915</b>	<b>4,429</b>
Provisions	1,022	1,778	2,959	2,511	2,442
Profit Before Tax	1,181	1,252	668	1,403	1,986
Tax	298	84	-27	351	497
<i>Tax Rate (%)</i>	<i>25.2</i>	<i>6.7</i>	<i>-4.1</i>	<i>25.0</i>	<i>25.0</i>
Minority Interests	-	-	-	-	-
<b>Net Profit</b>	<b>883</b>	<b>1,168</b>	<b>695</b>	<b>1,053</b>	<b>1,490</b>
% Change	-1281.1	32.3	-40.5	51.4	41.5
Adj.	-	-	-	-	-
<b>Adj. Net Profit</b>	<b>883</b>	<b>1,168</b>	<b>695</b>	<b>1,053</b>	<b>1,490</b>
No. of Shares (cr)	60.0	60.5	60.8	61.3	61.3
<b>Adj. EPS (Rs.)</b>	<b>14.7</b>	<b>19.3</b>	<b>11.4</b>	<b>17.2</b>	<b>24.3</b>
% Change	-1281.0	31.1	-40.7	50.1	41.5
DPS	1.5	1.5	1.0	1.0	1.5

### Balance Sheet

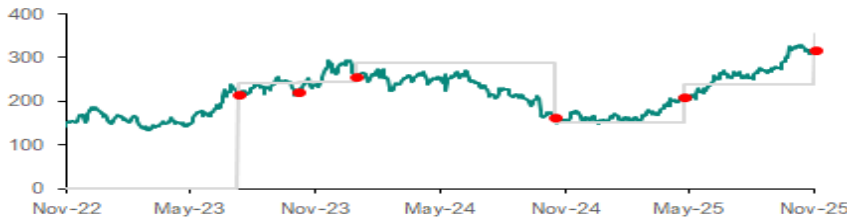
Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash & Balanc- es	8,520	14,417	12,560	12,892	5,201
Investments	28,875	29,576	32,165	36,057	40,420
Advances	70,209	83,987	92,618	106,696	125,902
Fixed Assets	574	532	577	589	600
Other Assets	7,697	9,920	8,806	11,007	13,759
<b>Total Assets</b>	<b>115,876</b>	<b>138,432</b>	<b>146,725</b>	<b>167,241</b>	<b>185,882</b>
Capital	600	605	608	613	613
Reserves & Surplus	12,977	14,191	14,829	15,821	17,247
Deposits	84,887	103,494	110,944	128,750	144,844
Borrowings	13,331	14,184	13,734	15,313	16,232
Other Liabilities	4,082	5,958	6,611	6,743	6,946
<b>Total Liabili- ties</b>	<b>115,876</b>	<b>138,432</b>	<b>146,725</b>	<b>167,241</b>	<b>185,882</b>
BVPS	226.4	244.5	253.9	268.1	291.4
<b>Adj. BVPS</b>	<b>213.6</b>	<b>234.3</b>	<b>249.5</b>	<b>258.5</b>	<b>281.1</b>
% Change	8.4	9.7	6.5	3.6	8.7

### Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Valuation</b>					
P/E (x)	16.3	8.6	15.2	18.5	13.1
P/BV (x)	1.1	0.7	0.7	1.2	1.1
Div. Yield (%)	0.6	0.9	0.6	0.3	0.5
<b>Profitability &amp; Return (%)</b>					
Yield on Advances	11.8	12.9	12.7	12.6	12.7
Cost of Deposits	5.0	5.9	6.3	6.5	6.4
Spread	6.8	7.1	6.5	6.1	6.3
NIM (calculated)	5.5	5.7	5.4	4.9	5.3
ROE	6.7	8.2	4.6	6.6	8.7
ROA	0.8	0.9	0.5	0.7	0.8
<b>Capital Adequacy (%)</b>					
CAR	16.9	16.2	15.5	15.4	15.2
Tier I	15.3	14.4	14.1	13.6	13.5
Tier II	1.7	1.8	1.5	1.7	1.7
<b>Asset Quality (%)</b>					
GNPA	3.4	2.7	2.7	2.6	2.5
NNPA	1.1	0.7	0.3	0.6	0.5
<b>Operating Ratios (%)</b>					
Credit/Deposit	82.7	81.2	83.5	82.9	86.9
Cost/Income	70.6	66.6	64.7	65.6	68.6
CASA	37.3	35.2	35.0	35.6	37.3



## Recommendation Summary (Last 3 years)



Dates	Rating	Target
04-Aug-23	HOLD	241
02-Nov-23	HOLD	243
25-Jan-24	HOLD	288
11-Nov-24	SELL	150
20-May-25	ACCUMULATE	240
28-Nov-25	ACCUMULATE	370




## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

**Symbols definition:**  Upgrade  No Change  Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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