

**HOLD****TP: Rs 339 | ▲ 4%****RBL BANK**

| Banking

| 18 January 2026

## Secured retail in focus; return profile remains moderate

- Earnings impacted by high provisions; return ratios likely to stay moderate in near term
- Credit growth improving with rising focus on secured retail lending; asset quality improved, but pain in CC to continue till H1FY27
- Maintain HOLD with TP of Rs 339 (from Rs 292), valuation of 1.0x Dec'27E ABV (0.9x earlier)

**Niraj Jalan**  
 Research Analyst  
**Vijiya Rao**  
 Research Analyst  
 research@bobcaps.in

**Earnings impacted by high provisions:** RBK reported PAT of Rs 2.1bn (+19.8% QoQ) but was 12% lower vs our estimates, mainly due to high provisions of Rs 6.4bn (+27.9% QoQ) or 22% higher than our estimates. Rise in provision was largely from the credit card, which accounted for 77% of total credit cost. However, PPoP at Rs 9.1bn (+25% QoQ) was 9% above our estimates due to improvement in NIMs to 4.63% (+12bps QoQ) and lower C/I at 66.3% (-4.4% QoQ). RoA/RoE stayed moderate at 0.55%/5.25% in Q3FY26. Management stated that secured retail products, except for prime housing, have turned profitable at the operating level. With rise in scale, this operating leverage will result in improved performance.

**Credit growth improving with rising focus on secured retail lending:** Advances growth improved to 14% YoY in Q3FY26, driven by wholesale (+20.6% YoY) and retail book (+9.8% YoY; 58.8% of total loans). Within retail, RBK's focus was on secured retail segments (+24.4% YoY) while being cautious on unsecured (-4.9% YoY). Hence, share of unsecured retail (CC, JLG and PL) fell to 25.4% (Q3FY26) from 30.5% (Q3FY25). Management expects the share of unsecured book to be in the 23-25% range. Within unsecured, MFI book grew by 13.7% QoQ, due to the increase in disbursement to Rs 7bn per month in Q3FY26 vs Rs 5.5bn in Q2FY26. Share of secured retail lending grew to 33.4% of the total loans in Q3FY26 (30.6% in Q3FY25), mainly driven by business loans (+53.5% YoY). Management expects wholesale book to grow by 20%+ YoY, secured retail (25%+) and unsecured retail (10-15%).

**Asset quality improved; but pain in CC to continue till H1FY27:** AQ improved with GNPA ratio at 1.88% (-44bps QoQ) in Q3FY26, largely driven by a) improvement in the slippage ratio to 3.6% (-30bps QoQ), b) high w/offs of Rs 11.3bn (+9% QoQ). Around 80% of total slippage was from unsecured retail segment in Q3FY26. Management expects credit card slippages to normalise post H1FY27.

**Maintain HOLD:** A lower growth in unsecured retail (high RoA) and high C/I will likely result in moderate return ratios. We maintain HOLD and roll over valuation at 1.0x Dec'27E ABV (0.9x earlier) with revised TP of Rs 339 (from Rs 292).

## Key changes

	Target	Rating
Ticker/Price	RBK IN/Rs 325	
Market cap	US\$ 2.2bn	
Free float	100%	
3M ADV	US\$ 26.7mn	
52wk high/low	Rs 332/Rs 146	
Promoter/FPI/DII	0%/22%/40%	

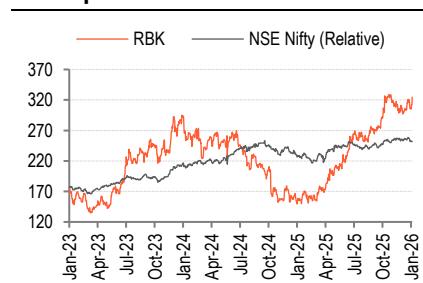
Source: NSE | Price as of 16 Jan 2026

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NII (Rs mn)	64,630	68,333	84,202
NII growth (%)	7.0	5.7	23.2
Adj. net profit (Rs mn)	6,954	11,716	18,397
EPS (Rs)	11.5	19.3	30.3
Consensus EPS (Rs)	11.5	16.0	22.9
P/E (x)	28.3	16.8	10.7
P/BV (x)	1.3	1.2	1.1
ROA (%)	0.5	0.8	1.0
ROE (%)	4.6	7.3	10.5

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Fig 1 – Quarterly snapshot: Income statement**

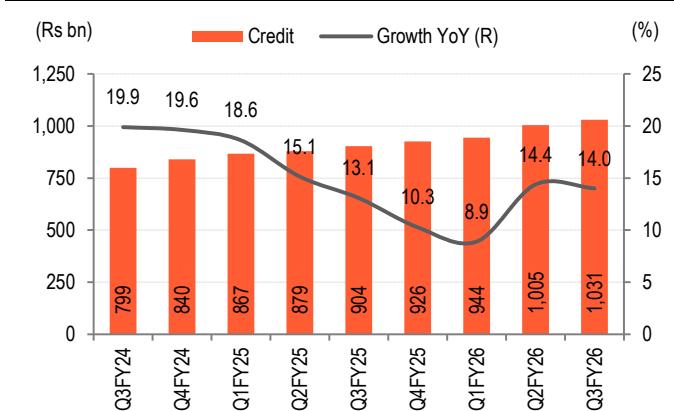
(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
<b>Income Statement</b>							
Interest Income	28,461	27,995	27,725	28,678	30,102	5.8	5.0
Income on investments	5,332	5,637	5,480	5,208	5,216	(2.2)	0.2
Int. on bal. with RBI & inter-bank funds & Others	1,570	1,125	1,206	1,188	1,349	(14.1)	13.5
<b>Interest income</b>	<b>35,363</b>	<b>34,756</b>	<b>34,411</b>	<b>35,075</b>	<b>36,667</b>	<b>3.7</b>	<b>4.5</b>
Interest expense	19,513	19,126	19,604	19,568	20,095	3.0	2.7
<b>Net interest income</b>	<b>15,851</b>	<b>15,630</b>	<b>14,807</b>	<b>15,507</b>	<b>16,572</b>	<b>4.6</b>	<b>6.9</b>
Growth YoY (%)	7.5	1.1	(7.5)	(8.8)	4.6		
<b>Non-interest income</b>	<b>10,733</b>	<b>10,000</b>	<b>10,695</b>	<b>9,327</b>	<b>10,503</b>	<b>(2.1)</b>	<b>12.6</b>
Growth YoY (%)	52.4	28.6	22.2	15.8	(2.1)		
<b>Net income</b>	<b>26,584</b>	<b>25,631</b>	<b>25,501</b>	<b>24,834</b>	<b>27,075</b>	<b>1.8</b>	<b>9.0</b>
Growth YoY (%)	22.0	10.3	3.0	(0.9)	1.8		
Staff expenses	4,530	4,480	4,746	4,848	5,024	10.9	3.6
Other operating expenses	12,088	12,539	13,726	12,702	12,926	6.9	1.8
<b>Operating expenses</b>	<b>16,618</b>	<b>17,019</b>	<b>18,472</b>	<b>17,550</b>	<b>17,951</b>	<b>8.0</b>	<b>2.3</b>
<b>Pre-Provisioning Profit (PPoP)</b>	<b>9,966</b>	<b>8,612</b>	<b>7,029</b>	<b>7,284</b>	<b>9,124</b>	<b>(8.4)</b>	<b>25.3</b>
Growth YoY (%)	36.3	12.5	(20.8)	(15.2)	(8.4)		
Provisions	11,889	7,851	4,423	4,997	6,393	(46.2)	27.9
Growth YoY (%)	85.7	71.4	6.9	36.4	(46.2)		
<b>PBT</b>	<b>(1,923)</b>	<b>760</b>	<b>2,606</b>	<b>2,287</b>	<b>2,732</b>	<b>(242.1)</b>	<b>19.4</b>
Tax	(2,249)	74	603	502	593	(126.4)	18.2
<b>PAT</b>	<b>326</b>	<b>687</b>	<b>2,003</b>	<b>1,785</b>	<b>2,139</b>	<b>555.5</b>	<b>19.8</b>
Growth YoY (%)	(88.9)	(70.5)	(43.2)	(51.9)	555.5		
<b>Per Share Data (Rs)</b>							
FV	10.0	10.0	10.0	10.0	10.0	-	-
EPS	0.5	1.1	3.3	2.9	3.5	544.4	19.2
Book Value	243.4	245.6	248.9	247.9	254.9	4.7	2.8

Source: Company, BOBCAPS Research

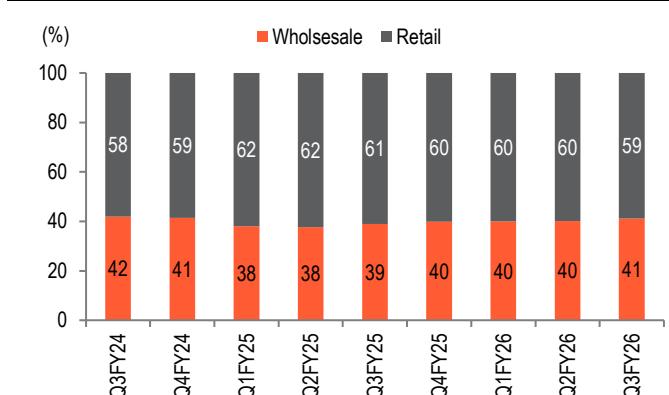
**Fig 2 – Quarterly snapshot: Balance sheet & other metrics**

(Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
<b>Deposits</b>	10,67,530	11,09,435	11,27,340	11,66,674	11,97,210	12.1	2.6
Growth YoY (%)	18.9	19.6	8.9	15.1	12.1		
<b>Advances</b>	9,04,120	9,26,183	9,44,310	10,05,286	10,30,860	14.0	2.5
Growth YoY (%)	18.5	15.8	12.4	15.9	14.0		
Investment	2,95,420	3,21,648	2,38,290	2,88,140	2,68,140	(9.2)	(6.9)
Equity	1,55,160	1,56,068	1,58,320	1,60,298	1,63,360	5.3	1.9
Assets	14,09,000	14,67,255	14,88,260	15,39,877	15,72,900	11.6	2.1
Growth YoY (%)	13.5	15.4	7.5	13.4	11.6		
<b>Yield (%)</b>							
Yield on Funds	10.67	10.34	9.95	9.90	10.06	(61bps)	15bps
Cost of Funds	6.45	6.26	6.22	6.03	6.03	(41bps)	(0bps)
Spread	4.22	4.07	3.74	3.87	4.02	(20bps)	15bps
<b>Net Interest Margin (calc.)</b>	<b>4.78</b>	<b>4.65</b>	<b>4.28</b>	<b>4.38</b>	<b>4.54</b>	<b>(24bps)</b>	<b>17bps</b>
<b>Ratios (%)</b>							
Other Income / Net Income	40.4	39.0	41.9	37.6	38.8	(158bps)	123bps
Cost to Income ratio	62.5	66.4	72.4	70.7	66.3	379bps	(437bps)
CASA ratio	32.8	34.1	32.5	31.9	30.9	(192bps)	(98bps)
C/D ratio	84.7	83.5	83.8	86.2	86.1	141bps	(6bps)
Investment to Assets	21.0	21.9	16.0	18.7	17.0	(392bps)	(166bps)
<b>Assets Quality</b>							
GNPA	27,010	24,655	26,859	23,776	19,615	(27.4)	(17.5)
NNPA	4,816	2,708	4,288	5,724	5,670	17.7	(0.9)
Provision	22,194	21,947	22,570	18,052	13,945	(37.2)	(22.8)
GNPA (%)	2.92	2.60	2.78	2.32	1.88	(104bps)	(44bps)
NNPA (%)	0.53	0.29	0.45	0.57	0.55	2bps	(2bps)
Provision Coverage Ratio (%)	82.2	89.0	84.0	75.9	71.1	(1,107bps)	(483bps)
<b>Others (nos)</b>							
Branches	558	561	562	564	580	22	16
ATMs	411	412	415	415	415	4	-
Employees	14,715	14,265	14,186	13,926	13,632	(1,083)	(294)

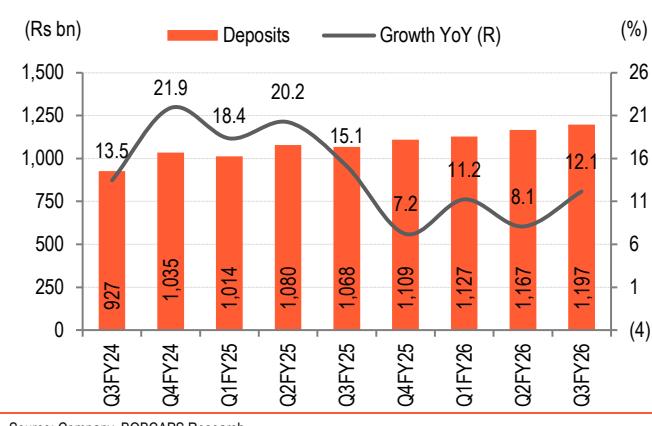
Source: BOBCAPS Research, Company

**Fig 3 – Credit growth healthy at 14% YoY**

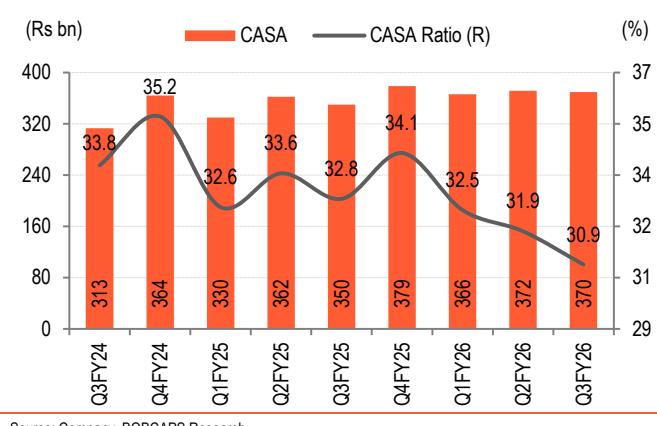
Source: Company, BOBCAPS Research

**Fig 4 – Wholesale vs Retail mix stable**

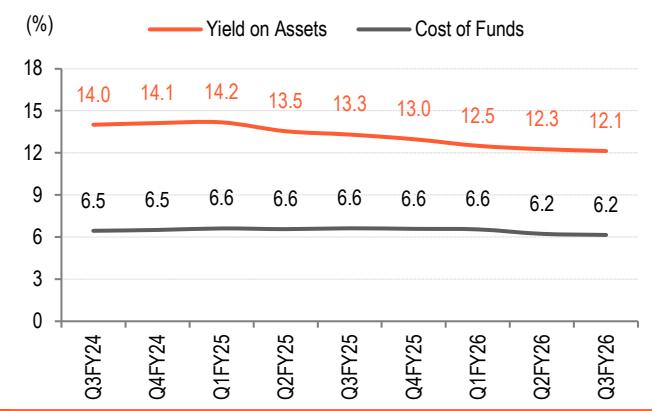
Source: Company, BOBCAPS Research

**Fig 5 – Deposits grew 12% YoY**

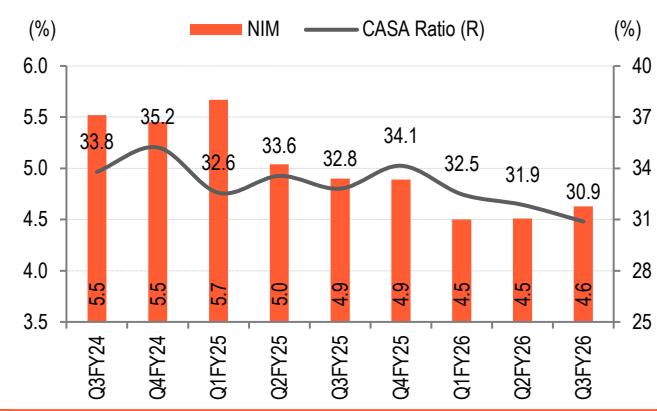
Source: Company, BOBCAPS Research

**Fig 6 – CASA ratio declines by 98bps QoQ**

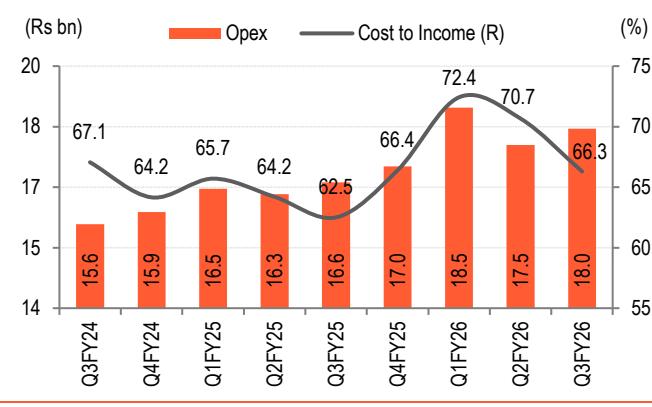
Source: Company, BOBCAPS Research

**Fig 7 – Yield on assets decline with fall in share of unsecured book...**

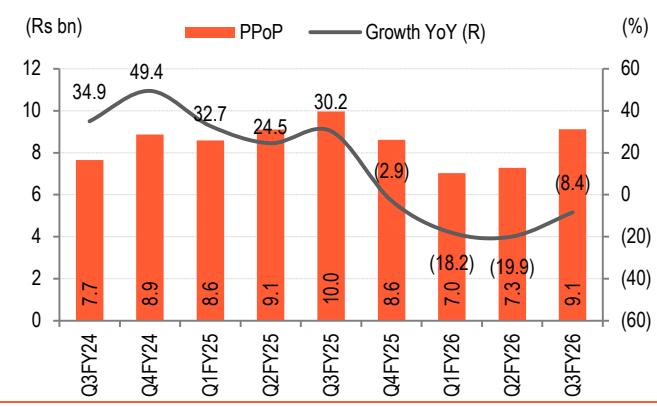
Source: Company, BOBCAPS Research

**Fig 8 – ...but reduction in CoF and CRR cuts aided NIMs**

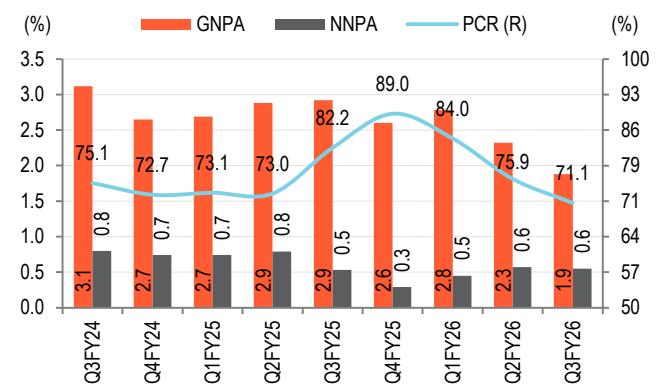
Source: Company, BOBCAPS Research

**Fig 9 – Cost to income has improved but remains elevated**

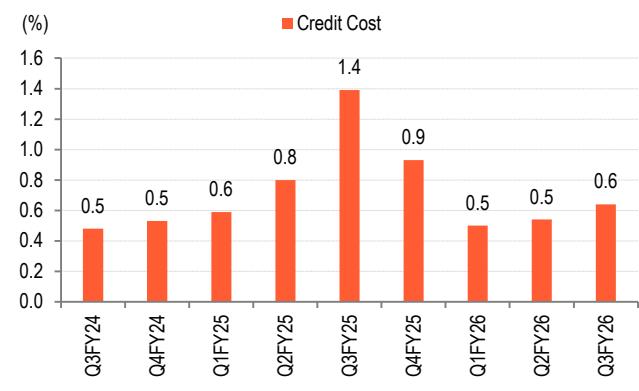
Source: Company, BOBCAPS Research

**Fig 10 – PPOP improves on a sequential basis**

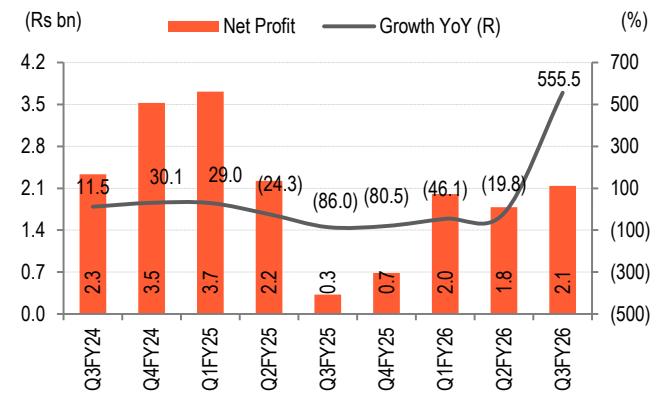
Source: Company, BOBCAPS Research

**Fig 11 – Asset quality improved**

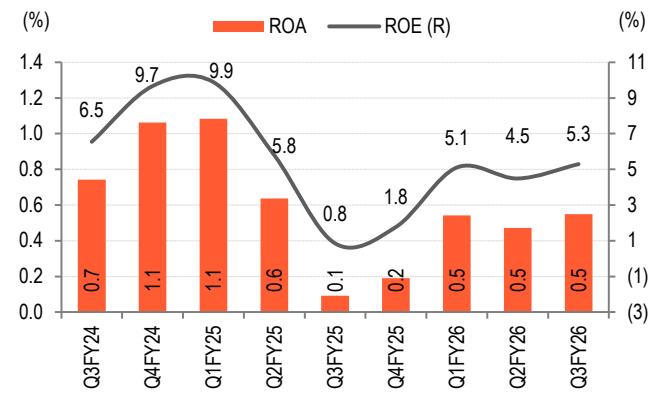
Source: Company, BOBCAPS Research

**Fig 12 – Credit cost remains high**

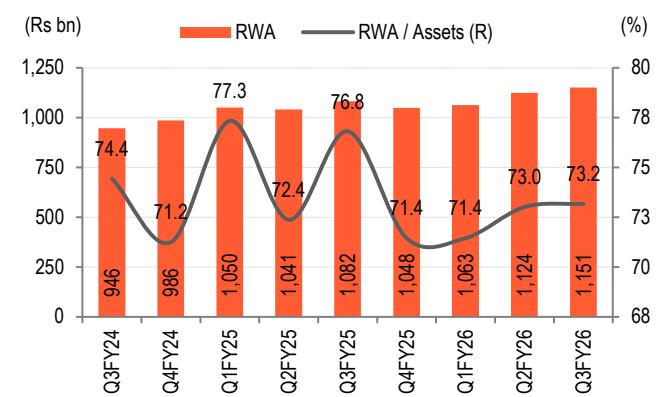
Source: Company, BOBCAPS Research

**Fig 13 – PAT increased 20% QoQ**

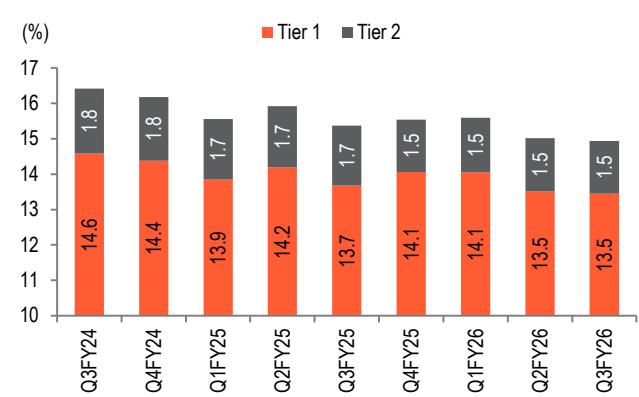
Source: Company, BOBCAPS Research

**Fig 14 – Moderate return profile**

Source: Company, BOBCAPS Research

**Fig 15 – RWA/asset ratio increases**

Source: Company, BOBCAPS Research | RWA: Risk-weighted assets

**Fig 16 – Well capitalised to fund credit demand**

Source: Company, BOBCAPS Research

## Earnings call highlights

### ENBD deal update:

- ENBD to acquire up to 60% stake via preferential issue and open offer of up to 26% of expanded voting share capital; preferential allotment of up to 95.9 crore shares at Rs 280/share. This will result in ~Rs 420+ bn net worth addition; provides abundant capital buffer, potentially eliminating fresh equity needs for 5-7 years. The deal is pending for approval from RBI, CCI, Gol, which is expected by Q1FY27.

### Advances

- RBL Bank's total advances grew 14% YoY and 2.5% QoQ on the back of steady expansion in secured retail and commercial banking.
- Secured retail advances (33% of net advances) rose 24% YoY and 1% QoQ to Rs 344bn reflecting strong focus on granular, low-risk products.
- Retail secured businesses as a cohort have recently become profitable at the operating level, and the bank expects scale to further improve performance
- Unsecured retail loans (25% of net advances) de-grew 5% YoY, but showed marginal 1% QoQ growth, due to conscious derisking to improve asset quality.
- The bank is shifting its credit card strategy to focus on the top 100 to 150 locations and increasing the overlap between its savings account and card customers to drive multiproduct consumption.
- Wholesale advances grew 21% YoY and 4% QoQ to Rs 425bn, supported by rapid growth in commercial banking segment at 30% YoY and is guided to grow >20% in the near term and 25-30% in the long term.
- In wholesale banking, the bank prioritises commercial banking by strengthening relationship and credit teams, while selectively entering new geographies.
- Wholesale banking serves as a core growth engine, boosting advances, low-cost deposits, and profitability.

### Deposits

- While deposits grew 12% YoY (2.6% QoQ) in Q3FY26, the decrease in CA balances (-5.1% QoQ), and moderate growth in SA balances (+3.5% QoQ) resulted in a 98bps sequential decline in CASA ratio to 30.9%.
- RBK also reported robust growth in deposits below Rs 30mn, which now constitutes 51.5% of total deposits.
- The bank's average liquidity coverage ratio (LCR) stood healthy at 125% in Q3FY26.
- The CD ratio stands at 86.1%, with the bank targeting a comfortable operating range of 83% to 87%.

### Asset quality

- Provisions were at Rs 6.4bn from Rs 5bn in Q2FY26. Credit costs increased by 10bps to 64bps vs 54bps in Q2FY26.
- Slippages totaled Rs 9.09bn vs Rs 9.25bn in Q2FY26, whereas upgrades and recovery stood same at Rs 1.98bn QoQ. Write-offs stood at Rs 11.3bn vs Rs 10.3bn in Q2. This led to a 44bps decline in GNPA to 1.88%, NNPA improved to 0.55%. PCR, including technical write-off, stood at 93.21% vs 92.74% in Q2FY26.
- Total SMA book in JLG improved to 1.9% (Dec'25) vs 3.5% (Sep'25).
- Management indicated that they are typically comfortable with a PCR range of 75% to 78%, though it may fluctuate around 70%, based on the mix of secured vs unsecured stress.
- Around 80%+ of standard JLG portfolio is now covered by CGFMU scheme.
- Credit cards & PL contributed the most in slippage (63% of total slippage vs 59% last quarter) and are expected to be elevated in the coming quarters.
- Management expects credit card slippages to remain elevated and post H1FY27, get normalised

### Profitability

- Management expects margins to be marginally better in Q4FY26, supported by improved disbursals in higher-yielding assets and further repricing of term deposits.
- Operating expenses rose moderately (2.3% QoQ), improving cost-to-income ratio to 66.3% (vs 70.7% in Q2). C/I likely to remain elevated, given that the bank plans to add 200 branches in FY27 and 100 branches in FY28.
- ROA improved to 0.55% from 0.48% in Q2FY26 & ROE improved to 5.25 % from 4.44% in Q2FY26.
- Net profit at Rs 2.1bn; impacted by one-off pre-tax expenses of Rs 32mn from New Labour Codes wage revision (effective Nov 21, 2025).

**Fig 17 – Loan book trend**

(Rs mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)
Corporate Banking	2,35,780	2,33,950	2,44,280	2,51,870	2,53,880	2,72,820	2,84,600	16.5	4.3
CB	93,900	97,650	1,07,850	1,17,280	1,24,190	1,31,150	1,40,160	30.0	6.9
<b>Wholesale</b>	<b>3,29,680</b>	<b>3,31,600</b>	<b>3,52,130</b>	<b>3,69,150</b>	<b>3,78,070</b>	<b>4,03,970</b>	<b>4,24,760</b>	<b>20.6</b>	<b>5.1</b>
Housing Loan	66,960	74,470	78,850	81,770	83,100	84,540	86,190	9.3	2.0
Business Loan	81,820	88,370	98,590	1,11,620	1,16,560	1,34,910	1,51,370	53.5	12.2
Rural Vehicle Finance Loan	21,590	23,430	25,990	27,540	28,600	29,940	31,990	23.1	6.8
Personal Loan	39,880	39,170	37,220	32,450	30,530	28,610	28,220	(24.2)	(1.4)
Credit Card	1,73,940	1,74,330	1,72,880	1,71,330	1,71,910	1,71,970	1,66,900	(3.5)	(2.9)
MFIs	72,530	69,710	65,320	57,520	54,350	58,850	66,920	2.4	13.7
Others	66,050	63,080	58,770	59,720	65,890	77,600	59,430	1.1	(23.4)
Retail Agri	14,580	14,670	14,360	15,090	15,290	14,900	15,090	5.1	1.3
<b>Retail</b>	<b>5,37,350</b>	<b>5,47,230</b>	<b>5,51,980</b>	<b>5,57,040</b>	<b>5,66,230</b>	<b>6,01,320</b>	<b>6,06,110</b>	<b>9.8</b>	<b>0.8</b>
<b>Total Loan</b>	<b>8,67,030</b>	<b>8,78,830</b>	<b>9,04,110</b>	<b>9,26,190</b>	<b>9,44,300</b>	<b>10,05,290</b>	<b>10,30,870</b>	<b>14.0</b>	<b>2.5</b>

Source: Company, BOBCAPS Research | CB: Commercial Banking

**Fig 18 – Loan book distribution**

Segment (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (bps)	QoQ (bps)
Corporate Banking	27.2	26.6	27.0	27.2	26.9	27.1	27.6	59bps	47bps
CB	10.8	11.1	11.9	12.7	13.2	13.0	13.6	167bps	55bps
<b>Wholesale</b>	<b>38.0</b>	<b>37.7</b>	<b>38.9</b>	<b>39.9</b>	<b>40.0</b>	<b>40.2</b>	<b>41.2</b>	<b>226bps</b>	<b>102bps</b>
Housing Loan	7.7	8.5	8.7	8.8	8.8	8.4	8.4	(36bps)	(5bps)
Business Loan	9.4	10.1	10.9	12.1	12.3	13.4	14.7	378bps	126bps
Rural Vehicle Finance Loan	2.5	2.7	2.9	3.0	3.0	3.0	3.1	23bps	12bps
Personal Loan	4.6	4.5	4.1	3.5	3.2	2.8	2.7	(138bps)	(11bps)
Credit Card	20.1	19.8	19.1	18.5	18.2	17.1	16.2	(293bps)	(92bps)
MFIs	8.4	7.9	7.2	6.2	5.8	5.9	6.5	(73bps)	64bps
Others	7.6	7.2	6.5	6.4	7.0	7.7	5.8	(74bps)	(195bps)
Retail Agri	1.7	1.7	1.6	1.6	1.6	1.5	1.5	(12bps)	(2bps)
<b>Retail</b>	<b>62.0</b>	<b>62.3</b>	<b>61.1</b>	<b>60.1</b>	<b>60.0</b>	<b>59.8</b>	<b>58.8</b>	<b>(226bps)</b>	<b>(102bps)</b>
<b>Total Loan</b>	<b>100.0</b>								

Source: Company, BOBCAPS Research | CB: Commercial Banking

## Valuation Methodology

**Maintain HOLD:** We believe lower growth in unsecured retail (high RoA) and high C/I will likely result in moderate return ratios. We expect RBK to deliver RoA of 0.75-1.2% and RoE of 7.3-12.5% during FY26-28E. We maintain HOLD rating and roll over valuation at 1.0x Dec'27E ABV (0.9x earlier) vs. 3Y average P/ABV of 0.9x with revised TP of Rs 339 (from Rs 292).

**Fig 19 – Actuals vs BOBCAP estimates**

(Rs mn)	Q3FY26A	Q3FY26E	Variance (%)
Loan	10,30,860	10,21,656	0.9
Deposits	11,97,210	11,97,210	-
Assets	15,72,900	15,68,749	0.3
NII	16,572	16,310	1.6
PPOP	9,124	8,389	8.8
Provision	6,393	5,245	21.9
PAT	2,139	2,421	(11.7)

Source: Company, BOBCAPS Research

**Fig 20 – Revised estimates**

Key Parameters (Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Loan	10,69,741	12,72,992	15,40,320	10,69,741	12,49,457	14,74,360	-	1.9	4.5
Deposits	12,73,632	14,77,413	17,58,121	12,73,632	14,71,045	17,18,180	-	0.4	2.3
Assets	16,50,857	19,03,686	22,22,349	16,50,857	18,77,997	21,45,259	-	1.4	3.6
NII	68,333	84,202	1,04,158	69,677	83,220	98,347	(1.9)	1.2	5.9
PPOP	37,230	45,812	55,741	36,233	43,041	52,209	2.8	6.4	6.8
Provision	21,482	21,085	22,928	20,458	19,365	22,199	5.0	8.9	3.3
PAT	11,716	18,397	24,412	11,736	17,615	22,327	(0.2)	4.4	9.3
ABV (Rs)	267	296	334	268	294	327	(0.5)	0.6	2.3

Source: Company, BOBCAPS Research

**Fig 21 – Key operational assumptions**

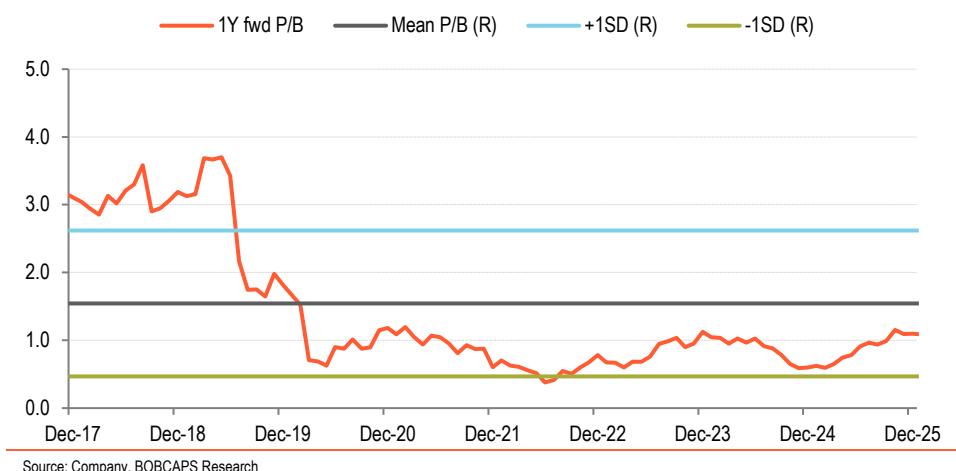
(%)	FY25A	FY26E	FY27E	FY28E
Advances Growth	10.3	15.5	19.0	21.0
NII Growth	7.0	5.7	23.2	23.7
PPoP Growth	19.7	2.7	23.1	21.7
PAT Growth	(40.5)	68.5	57.0	32.7
NIM	5.1	4.6	4.9	5.2
GNPA	2.6	1.4	1.2	1.0
CAR	15.6	14.9	14.2	13.6

Source: Company, BOBCAPS Research

**Fig 22 – Key valuation assumptions**

Gordon growth model	(%)
Return on Equity (RoE)	12.7
Cost of Equity (Ke)	12.8
Growth (Period 1)	10.2
Growth (Long Term)	5.1
Initial High Growth Period (years)	10.0
Dividend Payout (Period 1)	20.0
Dividend Payout (Long Term)	60.0
Factor 1	1.8
Factor 2	6.5
Justified P/BV Multiple	1.0

Source: BOBCAPS Research

**Fig 23 – PB band chart**

Source: Company, BOBCAPS Research

## Key risks

Key downside risks to our estimates:

- Rise in operating costs higher vs estimated levels, resulting in high C/I ratio
- Elevated stress in unsecured book to persist, resulting in higher credit cost, which would represent a key downside risk to our estimates.

Key upside risks to our estimates:

- Consummation of ENBD deal which would augment the capital base and allow for higher scaling up of business and other opportunities
- Improvement in C/I ratio and credit costs better than our estimates resulting in an improvement in the return profile

## Glossary

### Glossary of Abbreviations

<b>AUCA</b>	Advance Under Collection Account	<b>LCR</b>	Liquidity Coverage Ratio
<b>ARC</b>	Asset Reconstruction Company	<b>MCLR</b>	Marginal Cost of Funds-based Lending Rate
<b>BRDS</b>	Bills Rediscounting Scheme	<b>MFI</b>	Microfinance Institution
<b>CASA</b>	Current Account and Savings Account	<b>MTM</b>	Mark to Market
<b>C&amp;IB</b>	Corporate and Institutional Banking	<b>NII</b>	Net Interest Income
<b>CAR</b>	Capital Adequacy Ratio	<b>NIM</b>	Net Interest Margin
<b>CB</b>	Commercial Banking	<b>NNPA</b>	Net Non-Performing Assets
<b>CET1</b>	Common Equity Tier 1	<b>PCR</b>	Provision Coverage Ratio
<b>CD</b>	Credit-Deposit Ratio	<b>PPOP</b>	Pre-Provision Operating Profit
<b>C/I</b>	Cost-Income Ratio	<b>PSU</b>	Public Sector Unit
<b>EBLR</b>	External Benchmark-based Lending Rate	<b>RWA</b>	Risk-Weighted Assets
<b>ECL</b>	Expected Credit Loss	<b>SLR</b>	Statutory Liquidity Ratio
<b>GNPA</b>	Gross Non-Performing Assets	<b>SMA</b>	Special Mention Account
<b>IBPC</b>	Interbank Participation Certificate	<b>SME</b>	Small and Medium-sized Enterprises
<b>LAP</b>	Loans against Property		

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Net interest income</b>	<b>60,429</b>	<b>64,630</b>	<b>68,333</b>	<b>84,202</b>	<b>1,04,158</b>
NII growth (%)	35.8	7.0	5.7	23.2	23.7
Non-interest income	30,429	38,062	41,567	46,742	51,782
Total income	90,858	1,02,692	1,09,900	1,30,944	1,55,940
Operating expenses	60,550	66,424	72,670	85,133	1,00,199
PPOP	30,308	36,268	37,230	45,812	55,741
PPOP growth (%)	37.6	19.7	2.7	23.1	21.7
Provisions	17,785	29,587	21,482	21,085	22,928
PBT	12,523	6,681	15,748	24,727	32,812
Tax	844	(272)	4,031	6,330	8,400
<b>Reported net profit</b>	<b>11,679</b>	<b>6,954</b>	<b>11,716</b>	<b>18,397</b>	<b>24,412</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>11,679</b>	<b>6,954</b>	<b>11,716</b>	<b>18,397</b>	<b>24,412</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity capital	6,051	6,079	6,079	6,079	6,079
Reserves & surplus	1,41,913	1,49,989	1,60,768	1,78,061	2,01,253
Net worth	1,47,964	1,56,068	1,66,847	1,84,140	2,07,332
Deposits	10,34,936	11,09,435	12,73,632	14,77,413	17,58,121
Borrowings	1,41,841	1,37,338	1,41,459	1,46,410	1,52,266
Other liab. & provisions	59,581	64,413	68,920	95,723	1,04,630
<b>Total liab. &amp; equities</b>	<b>13,84,322</b>	<b>14,67,255</b>	<b>16,50,857</b>	<b>19,03,686</b>	<b>22,22,349</b>
Cash & bank balance	1,44,166	1,25,596	1,38,575	1,55,847	1,67,115
Investments	2,95,759	3,21,647	3,43,380	3,70,747	4,04,667
Advances	8,39,869	9,26,183	10,69,741	12,72,992	15,40,320
Fixed & Other assets	1,04,529	93,829	99,160	1,04,100	1,10,247
<b>Total assets</b>	<b>13,84,322</b>	<b>14,67,255</b>	<b>16,50,857</b>	<b>19,03,686</b>	<b>22,22,349</b>
Deposit growth (%)	21.9	7.2	14.8	16.0	19.0
Advances growth (%)	19.6	10.3	15.5	19.0	21.0

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS	19.4	11.5	19.3	30.3	40.2
Dividend per share	1.5	1.0	1.5	1.8	2.0
Book value per share	244.5	256.7	274.5	302.9	341.1

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	16.7	28.3	16.8	10.7	8.1
P/BV	1.3	1.3	1.2	1.1	1.0
Dividend yield (%)	0.5	0.3	0.5	0.6	0.6

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Net interest income	4.8	4.5	4.4	4.7	5.0
Non-interest income	2.4	2.7	2.7	2.6	2.5
Operating expenses	4.8	4.7	4.7	4.8	4.9
Pre-provisioning profit	2.4	2.5	2.4	2.6	2.7
Provisions	1.4	2.1	1.4	1.2	1.1
PBT	1.0	0.5	1.0	1.4	1.6
Tax	0.1	0.0	0.3	0.4	0.4
ROA	0.9	0.5	0.8	1.0	1.2
Leverage (x)	9.0	9.4	9.7	10.1	10.5
ROE	8.2	4.6	7.3	10.5	12.5

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Net interest income	35.8	7.0	5.7	23.2	23.7
Pre-provisioning profit	37.6	19.7	2.7	23.1	21.7
EPS	31.7	(40.9)	68.1	57.0	32.7
<b>Profitability &amp; Return ratios (%)</b>					
Net interest margin	5.5	5.1	4.6	4.9	5.2
Fees / Avg. assets	0.5	0.5	0.5	0.5	0.5
Cost-Income	66.6	64.7	66.1	65.0	64.3
ROE	8.2	4.6	7.3	10.5	12.5
ROA	0.9	0.5	0.8	1.0	1.2
<b>Asset quality (%)</b>					
GNPA	2.7	2.6	1.4	1.2	1.0
NNPA	0.7	0.3	0.4	0.3	0.3
Slippage ratio	3.5	4.9	4.0	3.5	3.0
Credit cost	2.3	3.4	2.2	1.8	1.6
Provision coverage	72.2	88.8	69.7	72.8	74.8
<b>Ratios (%)</b>					
Credit-Deposit	81.2	83.5	84.0	86.2	87.6
Investment-Deposit	28.6	29.0	27.0	25.1	23.0
CAR	16.2	15.6	14.9	14.2	13.6
Tier-1	14.4	14.1	13.5	12.9	12.5

Source: Company, BOBCAPS Research

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

## Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: 1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051

SEBI Research Analyst Registration No: INH000000040 valid till 03 February 2025

Brand Name: **BOBCAPS**

Trade Name: [www.barodaetrade.com](http://www.barodaetrade.com)

CIN: U65999MH1996GOI098009



Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

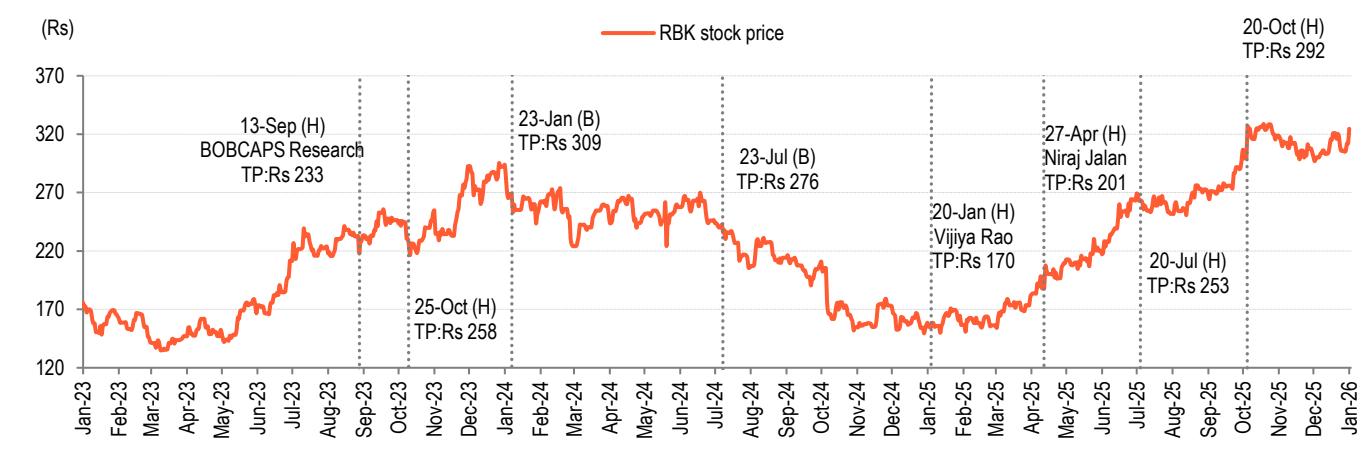
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): RBL BANK (RBK IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

### Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

### General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS 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, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

#### **Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014**

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

#### **Other disclaimers**

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

#### **Distribution into the United Kingdom ("UK"):**

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd ("MSL") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as "MAYBANK"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

#### **No distribution into the US:**

This report will not be distributed in the US and no US person may rely on this communication.

#### **Other jurisdictions:**

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.