

PRESS RELEASE

RBL BANK ANNOUNCES UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th SEP 2023

The Board of Directors of RBL Bank Limited approved the unaudited financial results for the quarter ended 30th Sep 2023 at its meeting held on Saturday, 21st Oct 2023.

Results Summary for Q2FY24

- **Strong Operating Performance:**
 - Net Profit grew 46% YOY & 2% QOQ to ₹294 crore
 - ROA of 1.00% vs 0.77% for Q2 FY23
 - Operating profit grew 43% YOY & 13% QOQ to ₹731 crore
 - Total Revenue grew 24% YOY and 3% QOQ to ₹2,179 crore
 - Net Interest Income grew 26% YOY and 4% QOQ to ₹1,475 crore; NIM was 5.54% vs 5.02% for Q2 FY23
 - Other Income grew 21% YOY and 3% QOQ to ₹704 crore
 - Cost to Income was 66.5% vs 69.3% for Q1 FY24 and 70.8% for Q2 FY23
 - During the quarter ended September 30, 2023, the Bank received income tax orders relating to matter under appeal resulting in write-back of tax provision for earlier years of ₹222.92 crore (pre-tax of ₹297.89 crore).
 - **The Bank has prudently used this write-back of tax provision to**
 - **build contingent buffers of 100bps created on Credit Card & Microfinance Advances to prudently build reserves and strengthen the Balance Sheet; amounting to ₹252 crore**
 - Modifying existing provisioning policy in credit cards to provide fully on NPA cases at 120 days as against the existing policy of 180 days. The quantum of additional provision taken by the Bank as a result of this change was ₹48 crore in this quarter
 - In aggregate, the Bank took additional provision of Rs. 300 crore on account of above.
- **CASA and Deposits Growth:**
 - CASA grew 12% YOY and 1% QOQ to ₹32,089 crore. CASA ratio at 35.7% vs. 36.2% as at 30th Sep 2022
 - Total deposits grew 13% YOY and 5% QOQ to ₹89,780 crore
 - Retail Deposits (as per LCR definition) grew 19% YOY and 4% QOQ to ₹39,706 crore
- **Strong Advances Growth:**
 - Net Advances book grew 21% YOY and 4% sequentially to ₹76,324 crore
 - Retail Advances book grew 35% YOY and 8% sequentially to ₹44,092 crore
 - Retail disbursement for Q2 FY 24 at ₹4,300 crore
 - Retail: Wholesale mix at 58:42
 - Housing loans grew 43% YOY; Rural vehicle finance grew 167% YOY
 - 5.9 Lakhs credit cards issued in this quarter; Total cards outstanding at 4.8mn
 - Total customers at 14.31mn vs 11.77mn in Q2 FY23, an increase of 2.54mn
- **Well capitalized with sound liquidity:**
 - Overall capital adequacy was 17.07% vs 16.68% for June 23; Common Equity Tier 1 ratio was 15.15% vs 15.05% for June 23
 - Average Liquidity Coverage Ratio at 142%

- **Asset quality:**
 - Gross NPA ratio improved to 3.12% vs. 3.22% as at 30th June 2023 and 3.80% as at 30th Sep 2022, improved by 68 bps in a year
 - Net NPA ratio improved to 0.78% vs. 1.00% as at 30th June 2023 and 1.26% as at 30th Sep 2022, improved by 48 bps in a year
 - Provision Coverage Ratio including technical write offs was 88.4% vs 85.9% as at 30th June 2023 and 84.3% as at 30th Sep 2022, improved 410 bps in a year
 - Credit cost at 47bps in the normal course of business. Additional 43bps towards building contingency buffers of 100 bps on Credit Cards & Microfinance advances and accelerating provision on provisioning policy change in credit cards
 - The total provisions of the Bank including specific, general and contingent at 106% of GNPA
- **Network**
 - As of 30th September 2023, the Bank has 528 bank branches and 1,206 business correspondent branches, of which 296 are banking outlets. RBL Finserve Limited ("RBL Finserve"), a 100% subsidiary of the Bank, accounts for 882 business correspondent branches

Key Disclosures:

Reclass of Business Correspondent (BC) charges

In the quarter, the Bank has reclassified charges paid to its BC. Historically, the Bank used to net BC charges against the interest income line, with reason that BCs are paid from the interest income earned on the portfolio. In this quarter, the Bank has reclassified BC charges to the expense line for improved and comparable presentation. **This has no impact on Operating Profit and Profit After Tax.** The summary financials of the Bank pre and post reclassification are shown below

Pre Reclass

₹ in crore	Q2 FY24	Q2 FY23	YoY	Q1 FY24	QoQ	H1 FY24	H1 FY23
Net Interest Income	1,302	1,064	22%	1,246	4%	2,548	2,092
Other Income	704	583	21%	685	3%	1,390	1,197
Net Total Income	2,006	1,648	22%	1,932	4%	3,938	3,289
Operating expenses	1,275	1,135	12%	1,284	(1%)	2,559	2,248
Operating Profit	731	512	43%	647	13%	1,378	1,041
Net profit (after tax)	294	202	46%	288	2%	582	403
Net Interest Margin	4.89%	4.55%		4.84%		4.87%	4.45%

Post Reclass

₹ in crore	Q2 FY24	Q2 FY23	YoY	Q1 FY24	QoQ	H1 FY24	H1 FY23
Net Interest Income	1,475	1,174	26%	1,422	4%	2,897	2,364
Other Income	704	583	21%	685	3%	1,390	1,197
Net Total Income	2,179	1,758	24%	2,108	3%	4,287	3,561
Operating Profit	731	512	43%	647	13%	1,378	1,041
Net profit (after tax)	294	202	46%	288	2%	582	403

₹ in crore	Q2 FY24	Q2 FY23	YoY	Q1 FY24	QoQ	H1 FY24	H1 FY23
Net Interest Margin	5.54%	5.02%		5.53%		5.54%	5.03%

Write-back of tax provisions pertaining to earlier years

During the quarter ended September 30, 2023, the Bank received income tax orders relating to matter under appeal resulting in write-back of tax provision for earlier years of ₹222.92 crore (pre-tax of ₹297.89 crore). The Bank has prudently used this as follows:

1. Create contingent provisions in its microfinance and credit card segments at 1% of the total advances amounting to ₹252 crore
2. Modifying provisioning policy in credit cards to provide fully on NPA cases at 120 days as against the existing policy of 180 days. The quantum of additional provision taken by the Bank as a result of this change was ₹48 crore

Key financials:

₹ in crore	Sep 30, 2023	Sep 30, 2022	YoY	June 30, 2023	QoQ
Advances (Net)	76,324	62,942	21%	73,087	4%
Retail Advances (Net)	44,092	32,686	35%	40,866	8%
Deposits	89,780	79,404	13%	85,636	5%
CASA	32,089	28,718	12%	31,927	1%
Investments (Net)	29,643	25,813	15%	29,171	2%

Key ratios:

Particulars (in %)	Q2 FY24	Q2 FY23	Q1 FY24	H1 FY24	H1 FY23
Net Interest Margin	5.54	5.02	5.53	5.54	5.03
Cost to Income	66.5	70.8	69.3	67.8	70.7
Return on Assets	1.00	0.77	1.01	1.00	0.76
Return on Equity	8.38	6.12	8.39	8.39	6.20
Gross NPA	3.12	3.80	3.22	3.12	3.80
Net NPA	0.78	1.26	1.00	0.78	1.26
PCR incl. Technical Write-offs	88.4	84.3	85.9	88.4	84.3
PCR	75.6	67.8	69.6	75.6	67.8

Commenting on the performance, Mr. R Subramaniakumar, MD&CEO, RBL Bank said “We are happy to announce yet another quarter of improving operating performance. The advances growth was healthy with strong growth in retail segment. Our revenue has grown at healthy pace; operating expenses are stable sequentially, driven by continued cost optimisation. In order to further strengthen the balance sheet and build buffers proactively, we have taken contingent provision on our credit card & microfinance portfolio. We are also pleased with the progress we are making on cross sell opportunity, within the large card and liability base we have, and we expect this to accelerate further going forward.”

₹1 crore = ₹10 million