“RBL Bank Limited

Q4 FY '26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to RBL Bank Limited Q4 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. R. Subramaniakumar, Managing Director and CEO of RBL Bank. Thank you, and over to you, Mr. Kumar.

R. Subramaniakumar: Thank you, ma'am. First of all, my apologies for a couple of minutes late. Good evening, ladies and gentlemen, and thank you for joining us for a discussion on our bank's financial results for the fourth quarter and the year ended financial year 2026. We have uploaded the results along with the presentation on our website, and I hope you had a chance to go through it in detail ahead of this call. As always, I'm joined by Mr. Jaideep Iyer, our Executive Director; and other members of our management team to address any questions you may have.

Before we get into the details on Q4 operational performance, I would like to briefly touch upon the macro trends. Demand conditions across our key customer segments remain broadly stable with retail consumption and small business activity continuing in line with our recent trends. Overall, the operating environment continues to support calibrated growth for well-capitalized banks with a balanced portfolio mix and a strong risk framework.

We are not currently seeing any material impact on our portfolio arising from the conflict in the Middle East. In retail, the collection momentum in April has been broadly in line with our earlier trends with no discernible disruption so far on the retail front.

On the wholesale side as well, we have not seen any impact at this stage. That said, we remain cautious and selective across certain industry segments within wholesale and small business lending, and we will continue to closely monitor how the situation evolves. Importantly, our inherently risk-averse approach over the last few years puts us in a relatively strong position, particularly across the wholesale portfolio.

On the retail side, we have significantly skewed the business towards secured segments, which has enhanced the balance sheet in resilience and positions us meaningfully better today compared to where we were 2 to 3 years ago.

Now on to business trends on the quarter. We crossed the total business of INR2.5 lakh crores during the quarter. Our advances grew 23% Y-o-Y to INR1,14,232 crores and deposits grew 25% Y-o-Y to INR1,39,018 crores. The CD ratio stands comfortable at 82.2%. Within deposits, the granular deposits grew 16%, the granular term deposits grew faster at 24% for Y-o-Y.

The deposit momentum was also helped by growth in the wholesale customer deposits. Within the overall advances, the secured retail assets grew 36% Y-o-Y and JLG book grew 34% Y-o-

Y. Let me also mention here that 98% of our disbursement in JLG is covered by CGFMU and at the book level, approximately 95% of the standard book is covered.

In the wholesale segment, our Commercial Banking business grew 30% Y-o-Y. The commercial banking continues to see growth driven by expansion in the relationship and the credit teams across the existing markets and selective expansion into new geographies. The large corporate business also grew 26% Y-o-Y.

In credit cards, bank issued 3.3 lakh cards during Q4 FY '26 with cards in-force increasing to 4.63 million cards as of 31st March 2026. The Q4 was the second quarter with a sequential increase in the cards in force -- almost 6 or 7 quarters of reduction. We have built traction in direct sourcing with this contributing more than 90% of acquisition. This includes co-brand cards where sourcing is done by RBL team.

The branches are also stepping up on new sourcing to internal customers. Our net interest margin on net interest margin front bank's NIM reduced by 22 bps during Q4 FY '26. This is on account of the fact that yield on advances reduced by 50 bps mainly due to the impact of the repo rate cut in December '25 and advances mix change plus surplus liquidity on balance sheet.

This was partially offset by a reduction in the cost of deposits by 28 bps. During the quarter, we accelerated the branch expansion by adding 23 branches and crossed the milestone of 600 branches, reaching a branch strength of 603. This momentum will continue as we enter new financial year, strengthening our physical footprint and support growth across retail businesses.

As we have mentioned earlier, we have made meaningful progress in leveraging branches for asset growth. With increase the branch-led sourcing across gold loan, working capital, secured business loans, home loans and credit cards. The disbursal from branches was INR1,800 crores for the quarter versus INR1,350 crores last quarter. Of this, the gold loan disbursal growth through branches was INR850 crores for the quarter versus INR540 crores last quarter.

We expect the momentum to sustain as we go into the new fiscal. Our only wholly owned subsidiary, RFL, as a sourcing channel for small ticket secured businesses loans and housing loans is gaining traction and has the potential to become a meaningful contributor to the secured loan sourcing in the coming financial year. They will do it along with the JLG disbursals.

Let me also articulate how we think about our growth architecture going forward. Around 40% to 45% of our portfolio comprising corporate and commercial lending, which is clearly identified by us as a high growth moderate to low risk with stable but relatively lower margins will be an area where we continue to consistently execute and scale.

Another 20% to 25% of the portfolio comprising of credit cards and MFI will represent businesses that we approach with a calibrated growth mindset given the relatively higher risk profile but also the structurally higher margins. Complementing this will be our retail secured portfolio of 35% to 40%, which will diversify risk and returns and create a strong customer base for the bank. Together, these segments provide a balanced framework for the growth and profitability.

Importantly, we believe we are well geared to pursue this construct supported by the new capital coming into the bank and our continued expansion across locations and geographies, enabling us to scale in a reasonable and sustainable manner.

On the progress of the announced capital infusion by Emirates NBD Bank, we have received RBI and CCI approvals, approvals from the Government of India and the SEBI are in process.

In summary, as we look ahead to FY '27, our growth priorities are clearly defined and focused on building a scalable, resilient and profitable franchise, continuing to build granular and stable liabilities with the objective of progressively narrowing the cost of deposit gap vis-a-vis larger peers, driving a more balanced and diversified retail asset mix with the faster growth in secured products alongside the targeted market share gains in secured business loans, housing loans and gold loan.

Enhancing profitability across secured retail asset segment through better pricing discipline, operating leverage and the product optimization, leveraging our branch network and RFL as a key sourcing channels to scale secured retail assets origination efficiently. Deepening customer relationships are increasing product penetration across our existing liability customer base and credit card franchise.

In summary, we believe we are on the right trajectory for FY '27 with a well-balanced, scalable and profitable growth engine anchored on stronger liabilities. More secured led retail asset mix, improved product level profitability, effective branch-led sourcing and the deeper engagement across our existing customer base.

The incoming capital infusion from ENBD further strengthens our ability to accelerate the growth, while remaining firmly focused on long-term profitability and resilience. This positions us well to scale up in a measured manner with the capital strength and execution discipline working together.

Now I will invite Mr. Jaideep to take you through the financials in greater details.

Jaideep Iyer: Thank you, Mr. Kumar, and good afternoon, everyone. Briefly touching on some of the specific aspects of our financial performance. We grew our net advances by 23% year-on-year and 11% sequentially to INR1,14,232 crores. Retail advances grew by 20% year-on-year and 11% sequentially to INR67,119 crores.

As was just mentioned, the retail wholesale mix is 59:41. Secured retail advances grew at 36% year-on-year and 17% sequentially. Within secured retail, business loans and housing loans grew 32% year-on-year and 7% sequentially.

The disbursal for secured retail was about INR5,400 crores for the quarter and INR18,500 crores for the full year in FY26 versus INR10,400 crores for last year. Microfinance advances grew 34% year-on-year and 15% sequentially. Wholesale advances grew 28% year-on-year and 11% sequentially. Within this, Commercial Banking grew at 30% year-on-year and large corporates grew 26% year-on-year.

As we mentioned in our exchange results earlier in the month, early bucket efficiency in the microfinance segment for the month of March was 99.7% versus 99.5% for December '25. Clearly, we have reached the most optimal collection from this segment.

On credit cards, we issued 3.3 lakh cards during the quarter, reaching total cards outstanding at 4.63 million cards. So this is the second month in a row where we've added sequentially the net card additions as well. And we hope that this will start reflecting in the balances outstanding from Q1 onwards.

On deposits, total deposits grew at 25% year-on-year and 16% sequentially to INR1,39,018 crores. Some of this was helped by period-end flows in wholesale. CASA ratio stood at 33.6% as at March 31st. Deposits less than INR3 crores, an area of focus for us for the last 2, 3 years at least, grew 16% year-on-year and 4% sequentially. Within this, granular term deposits grew faster at 24% year-on-year.

Average LCR for the quarter was 130% and CD ratio was at 82.2%. Our cost of total deposits for the quarter was down to 5.92% versus 6.2% last quarter. Our savings account balances cost for the quarter was 11 bps lower sequentially to 5.`05% as we had cut our rates in January '26. Our total cost of term deposits was down 24% to 7.05% versus 7.29% last quarter.

On the operating performance, our net interest income was up 7% year-on-year and 1% sequentially to INR1,671 crores. Other income was up 7% Y-o-Y and 2% sequentially to INR1,069 crores. Core fee income grew 9% year-on-year and 10% sequentially to INR1,057 crores. Total net income grew 7% year-on-year and 1% sequentially to INR2,740 crores. Our opex grew at 5% year-on-year and degrew 1% sequentially to INR1,785 crores for the quarter. Cost to income, as a consequence, was down to 65.1% versus 66.3% last quarter.

Our operating profit, therefore, in this quarter grew 11% year-on-year and 5% sequentially to INR955 crores. Net profit for the quarter, therefore, on a stand-alone basis was INR230 crores versus INR214 crores sequentially in the previous quarter and INR69 crores same time last year.

In terms of asset quality, NPA and NPA ratio, GNPA was down 43 bps Q-o-Q to 1.45 and NNPA was --net NPA was down 15 bps Q-o-Q to 0.39. Coverage ratio was at 73.6%. Our total net slippages for the quarter was INR624 crores as compared to INR711 crores last quarter. Net slippage in the wholesale was again flattish, in fact, negative INR1 crores aided by recoveries. Credit cards slippage, net slippage was INR580 crores and microfinance has now come down to INR53 crores for the quarter.

The rest of the retail was a negative of INR8 crores, so more recoveries than slippages. So essentially, our slippages are pretty much coming from cards and a significantly reduced trend that we see on the microfinance portfolio. The SMA book in microfinance is reduced to INR84 crores as of March 31st as compared to INR124 crores as of December, clearly reflecting the improved collection efficiency, which I think has now clearly reached more than optimal levels, and we will expect it to be stable in this range for a while.

The lower SMA book in -- as of March also naturally implies a reduction in slippages that we will expect in Q1 on the micro finance front. I would also like to add that 95% of our portfolio

on MFI is now covered under CGFMU. We will expect to raise a claim of about INR80 crores in the current year, which pertains to NPA that would have happened about a year back.

On provisioning, the total net provision on advances was INR684 crores. Of this, cards was the bulk at INR489 crores. In microfinance, it was INR154 crores, and this was on account of catch-up provisioning on elevated slippages that we have seen in H1 given our provisioning policy of 25% per quarter. And all other retail put together was INR34 crores.

Most of it being for standard asset provisioning and similarly, wholesale for INR7 crores, again, largely standard asset provisioning. Credit cost for the quarter was 65 basis points. On capital position, total capital was at 14.25% and CET1 was 12.8% versus 14.9% and 13.45% as at December 31, 2025.

With this, we will now open the session for Q&A.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Rikin Shah from IIFL Capital.

Rikin Shah: I had 4 questions. I'd just break them down. The first is, if you could...

Moderator: I'm sorry. Mr. Shah, your audio is not clear, sir. Maybe request you to kindly use your handset.

Rikin Shah: Is this better?

Moderator: Yes, sir. Please continue.

Rikin Shah: So I had 4 questions. I'll ask them one after another. The first one is on if you could quantify the quantum of transitionary deposits from, I had seen, 4Q? And an extension to that is once the Emirates money comes in, hopefully in 1Q, how should we think about the deposit growth in FY27 and '28 because that will be reasonably decent amount of capital? So what would be the overall deposit growth plans? So that's the first one. I'll ask the other 3 later.

Jaideep Iyer: So on the transient flow, approximately INR5,000 crores was the transient flow for the last few days in March and first couple of days in April. So that's the transition. And on deposit growth, you're right. I think we will kind of deemphasize high-cost deposits till we exhaust the equity funding that will come through in the near term. And I think that ability to exhaust that should be, give or take, 9 to 12 months, post which I think we will again be back to having a growth in deposits in line with loan book.

R. Subramaniakumar: However, we will continue our efforts -- just one more thing, Rikin. However, we will continue -- we will not let go of our efforts of retail deposits, because it is LCR accretive, and we'll be focusing on that, which has been growing in the range of around 25%. We'll try to continue to grow that in that range.

Rikin Shah: So fair to say that FY27 deposit growth could be single digit or low-double digit and FY28, then it catches up to 15%, 20%. Would that be a fair assumption?

Jaideep Iyer: Yes. I think it will be conscious attempt to ensure that we get the right deposits at the right optimal pricing, especially retail. And we also foresee that because of a rating upgrade and the ability to target a significantly large number of wholesale customers who otherwise would have maybe not given us that much of an opportunity from a deposit standpoint. I think the interesting situation for us will be that there will be a lot more supply than demand from our side on deposit, which should largely reflect itself in the cost of wholesale deposits and term deposits.

Rikin Shah: Got it. Fair. The second question is relating to margins. How much of residual term deposit repricing is remaining? When do you expect to cut the SA rates? And how should we incrementally think about NIMs, ex of the benefit coming from the capital due to Emirates?

Jaideep Iyer: So on term deposit repricing, I think more or less done, some tail left, I would say, 5, 10 basis points here and there on that, which should come through in Q1. Obviously, this is also subject to the volatile conditions that may prevail from time to time on the liquidity front, depending on what's happening on the geopolitical front. But largely, I would say some tail left.

Margin, therefore, I would expect Q1 to be flattish. And after that, we should start seeing some increase in margins, ex of capital mix, partly also driven by the fact that we expect our credit card book to grow, which has been degrowing for almost 1.5 years.

Rikin Shah: And when would you plan to cut the SA rates? Is it after the money comes in or it can happen even before that?

Jaideep Iyer: So Rikin, that's a continuing process. We've already cut close to 1.5% over the last 12 months or so. including the last cut in Q4, January, I think. So that's a continuous process. I think the way we are trying to balance this is to ensure that we are able to cross-sell to customers who are probably today only having a savings account relationship for that as and when we cut the disruption, we don't lose customers.

So, I think it's important to ensure that when we have built the franchise with customer relationships, it's important that just the rate factor is not a disruption. So we will do it in a manner in which it is optimal for the bank in general. But the trend over the next 12, 18 months clearly should be trending down.

Rikin Shah: Got it. The third question is pertaining to treasury. Would you be able to quantify the absolute quantum of AFS reserves? And also, was there any impact from RBI's FX NOOP rule in the fourth quarter?

Anshul Chandak: So Rikin, no material change in our AFS reserve in this quarter, it's flattish.

Rikin Shah: Any impact of the RBI's FX NOOP rule?

Jaideep Iyer: No, no. We were fortunately very, very light on that. So we didn't have the necessity to reduce our positions because of the RBI guideline.

Rikin Shah: Got it. And then last question is on -- sorry the last question is on asset quality. I mean how much of ageing provisions is still remaining in MFI because if your slippages are going down, but the provisions haven't come off. So is that 25%, 50% more remaining? Or are we done?

And more importantly, while you had earlier guided for credit cost to remain flattish and elevated until 1H, the concerning part is that the credit card PL slippages are still rising, the slippages. So why is that happening? And if you could just throw some color on that?

Jaideep Iyer: So on MFI, we are at the peak. And from here on, we should see the reflection of lower slippages that we have seen in the H2 starting to flow through in the provisioning numbers. And we will kind of become equivalent to the slippage kind of a run rate by Q2 or so. On card, Rikin, I think we've made the statement even in the last quarter that we will have elevated slippages for 2 to 3 quarters.

I think we have now clear visibility that these slippages that we have is a matter of H1 at max. And if you look at early bucket resolutions, we are able to now quite confidently say that we should materially reduce slippages in H2.

It should come down to our slippage numbers of more closer to 7%, 7.5% in H2, and therefore, credit cost for the cards portfolio closer to 5.5% in H2. So that's the leading indicator that we are clearly now seeing quite distinctly and we will have to lift with this slightly more elevated slippages for the H1 of this year -- of the coming year.

Rikin Shah: And in the -- sorry, sir, go ahead, please.

R. Subramaniakumar: Yes. Other than the current, if you look at that, the -- I mean, you can see in our presentation also the wholesale and retail secured, which all put together, they constitute 74% of the book doesn't show any slippage, and it will continue to maintain that.

Rikin Shah: Got it. And where do you think in H2, the normalized credit cost settle given the book mix we have? Of course, it will remain elevated about a 250 bps as per guidance. But once all of this normalizes, where do they settle?

Jaideep Iyer: So, if we look at the current credit cost contribution, I think almost 90%-plus is coming from cards and MFI. MFI, as I mentioned, should start normalizing from Q1 and should become in line with the slippages latest by Q2. So that kind of dramatically reduces. And in cards, let's say, 20% of the book is card simplistically and if we come down to, let's say, 5.5% or 6% or so, then we are talking about 1.1, 1.2 there, and the rest of it should be not more than 30, 40 basis points. So I'm -- I wouldn't call this a guidance, but if I'm doing the math, I think we should come down to the 1.5 range for the H2.

Moderator: Thank you. The next question is from the line of Jai Mundhra from ICICI Securities. Please go ahead.

Jai Mundhra: Yes, hi. Good afternoon, sir. Two questions. So first is, while you mentioned that the yields have dropped because of the repo rate change and the adverse loan mix. But I wanted to check that you would have this option even going ahead that you can look at absolute growth while let us

say, growing in some of the areas such as wholesale or secured credit, which could have an implication on the yield, even going forward without even assuming a repo rate to be stable.

So do you have any NIM threshold or yield threshold because you would have this choice even going ahead. And just an observation with that, the yield that we disclosed in gold affordable housing, prime LAP, BBG looks, in my opinion, much lower than the peer set. So any comments there?

Jaideep Iyer: So on the trend on yields on advances, Jai, I think -- the way we would look at it is that the compensation on margins should be driven through cost to assets and through provisioning line, both clear visibility as we move forward. On the provisioning, I just mentioned, the cards impact on cost to assets, as we scale up our secured assets, we've told this in the past, it's been an investment year for us last year.

And maybe a year before that when we were growing our secured assets. And when the growth rates are 50%, 60% cost of acquisition does tend to be materially high. And these are relatively low margin businesses as compared to unsecured businesses. So the traction has to come from cost to assets when the secured retail assets begins to get materially profitable as we move forward in the current financial year. We expect that to progress.

We've already broken even on that business in Q3, Q4, and we should start seeing contribution to net profits from that business. It will also mean that the quality of return then materially improves because it's coming on the back of a lower variable asset quality business rather than a higher variable asset quality business.

In -- we also have material opportunity to reduce our overall liability costs. As I mentioned earlier, we should become materially better rated as the consummated transaction. We will also look at an international rating. Our ability to go to corporates for both current account and term deposits will be a much, much wider set after the transaction.

There is enough and more opportunities on cross-border from a commercial banking perspective to also have a differentiated value-add offering to our customers. So, I think the -- all of that should consciously get reflected in the cost of liabilities, which is an important driver for driving profitability for us.

We -- the broad change that we are looking at in the future as compared to past is work on cost of liabilities. We will be in a peculiar situation where very highly capitalized, well-rated bank with an opportunity to go to large corporate from a deposit standpoint and current account standpoint. At the same time, we do have good profitable engines on the asset side, which is a very good combination to have.

On the specific question on yields on the secured assets. We are consciously looking at -- within that, we will look at relatively low-risk businesses. We are -- if you look at our early indicators like bounce etcetera, on affordable home loans and small LAP, this is like half of industry, and that's conscious.

The last thing we want is to build unnecessary risks in secured businesses. The idea is to get more efficient from an operating standpoint and look at cross-sell where every customer has 2 or 3 products, including liabilities and investments with us. So that's really the focus.

Jai Mundhra: Sure. Sure, Jaideep. And second question on LDR, right? So I can understand this INR5,000 crores of transient deposits from ENBD. But even if I exclude that, we have LDR in our favor. I mean, the LDR at 82% could have prompted you to go slow on some of the maybe more than INR3 crores term deposits.

So if I look at this quarter, I believe we've been adjusting for INR5,000 crores growth in higher than INR3 crores TD was much faster. And we may not have the need, right? I mean so I was just trying to understand when LDR is in favor why to grow TD at 12% Q-o-Q. Is this back ended? Is this LCR driven? And hence, it may run off or how to look at that?

Jaideep Iyer: We've already mentioned broadly LDR to be in the 82% to 87%. I think these are period-end numbers. Average LDR would probably be closer to 85%, which is reasonably within our comfort zone. And by the way, that flow was not from ENBD. It was the transaction that we got the escrow for a capital infusion of a company, and that -- it was nothing to do with ENBD in that sense.

So again, I think the optimization of the balance sheet, if I can use that phrase in a broader term, is an ongoing process. And I think, we are more focused right now on ensuring that we open up relationships on all fronts, deposits and loans.

And I don't think we are chasing deposit growth at any cost to kind of reflect some outside number or anything like that. It is just a natural consequence. Typically, March is a little heavy on deposits as well. So again, in short, if you look at average LDR, I think we should be closer to 85%.

R. Subramaniakumar: And coming to your point on retail deposit. It is not a question of chasing it is a cost of building up the customer base in order to meet LCR accretive none. Number two, unless otherwise, you have a relationship through one of the hook product, you will not be able to expand your relationship of 3 to 4 products with the customers.

So naturally, it has to start either with one of the asset product or it has to start with something in the investment product. Most attractive investment product is not a SIP or anything like it is going to be FD. So less than INR3 crores, that it is -- that population, which has an ability to borrow as well. If I have -- if I just onboard them as a customer, then I am having a bigger ability for expanding it in the other side of the balance sheet also. These are the things which is driving us.

And moreover, the branch footprint, if it is there, the footfall to the branch increases first with the FD, then with the savings fund, then there's an asset, it goes that order or alternatively, a sales-driven asset team, they will get the asset, then they will get into the branch footfall.

Jaideep Iyer: TD less than INR3 crores will continue to grow at 24 - 25%

Jai Mundhra: Right. Sure, sir. And last question, sir, on credit card business. Is this right to understand that once -- I mean, you would be looking to grow that business or the business itself will grow once you see slippages normalization or we are at a point where business will definitely grow and credit cost or slippages will also come down. And just like JLG where you have an SMA book, is there any numerical data point to give an early delinquency stuff on credit card also, sir? Thank you.

R. Subramaniakumar: So with regard to growth, I'll give a broad sense of how we are approaching it, which I said that in my speech as well. As far as the unsecured is concerned, we will try to have it in the range of 20% to 25%, which includes credit card, personal loan and that of the PSL necessitated JLG, right? All of them? That's overall. So if the balance sheet keeps growing.

And naturally, there is an opportunity for this particular group also to grow because it has to maintain the 20%, 22%. In our own internal calculation, it appears that it will continue to grow at 15% is what it will be able to catch up. When the rest of the book is growing at 20%, 25%. And this growing at 15%, we'll be able to maintain that particular equilibrium balance. With regard to that slippage and other things, I'll ask Jaideep.

Jaideep Iyer: So yes, I think I would say that we are -- the slippages numbers are going to be elevated as I mentioned. And it -- our judgment is that this should be largely an H1 phenomena. And from H2 onwards, that I mentioned, we should start seeing pretty much very, very normalized numbers.

And that is coming on the back of how we reach the early delinquency. So if you look at our early buckets, that is what is giving us the confidence. And that has been -- that is month-on-month improving over the last few months and consciously with steps that we can. So there is a correlation of what we have done to the outcomes. And therefore the, let's say, the visibility for this materially changing from H2.

Moderator: Thank you. The next question is from the line of Kunal Shah from Citigroup. Please go ahead.

Kunal Shah: Yes. Thanks for taking the questions. So, when we look at it again in terms of the question on growth versus margin, maybe there would have been some transient flows towards the end of the quarter. But eventually, if I look at ROA is still closer to 0.55%-odd, okay, and we are growing at a much faster pace.

So would the priority be more in terms of scaling up the ROA and having a more calibrated growth? Or we still see like 25%, 30% growth coming in, but then ROEs remain modest, okay? Cyclically, credit cost can help to an extent. But otherwise, driven by a NIM free opex, should we feel like ROEs continuing at a similar level?

Jaideep Iyer: No. So Kunal, I think one is that the growth that we are doing on the loan book side, if I want to kind of take that, we are very conscious to look at ensuring that the mix of business is moving towards the lower-risk products. And there is an opportunity on wholesale. They are also positioning ourselves on the wholesale front, clearly, with respect to the capital infusion and the rating upgrade that we will naturally assume post the transaction.

It also means that the -- I think, I mentioned this earlier in the call, the supply demand for us on the liability side gets heavily skewed in our favor for the first 12 to 18 months where our need for deposits and borrowings will be significantly lower than what the opportunity to get those will be, because we've widened our opportunity set from wholesale and other areas.

So therefore, cost of liabilities will come down due to these factors. That will be one driver for ROA. Second driver is that, we will also have to optimize for an ROE number over a 3-year period. So it will be a combination of growth into ROA, right? So one could choose to be very high ROA, low growth and yet not get to ROE.

So I think we will start focusing naturally, I think because of the tailwinds that we have on the businesses, we will have organic ROA as well as expansion of ROE due to capital coming through in the second half of the year. So we see an opportunity to grow in the 20s with profitability, which is what the focus will be.

Kunal Shah: Sure. And in terms of the ROA construct, if you can give between these 3 segments, wholesale, secured retail and unsecured, how does it stack up now? And maybe eventually maybe 18, 24 months down the line, how should we see it? Maybe unsecured definitely moves up with the normalization of the credit cost. But today, in terms of wholesale and secured, is it like too ROE-dilutive?

Jaideep Iyer: No. So wholesale is, Kunal, highly profitable, also driven by the liability franchise that is there in that book. So I think while if we look at only assets for ROA in wholesale, that obviously will be more in the 1% or thereabouts range. But if you look at fee income, treasury, current account businesses, ability to get salary accounts for us through wholesale, I think we have to look at it in a holistic picture and then that becomes highly profitable. So it is in the 2%-plus zip code. And I'm using PBT and I'm using the denominator as wholesale loan book.

So naturally, the moment you look at the bank loan book, we have to add 30%, 35% of G-Secs and other investments. So just be careful on the math when you look at extrapolating that for the bank. On the secured retail, we just mentioned that we've -- it's been on the investment phase for the last couple of years. And last quarter, I think H2 of fiscal '26 was already breaking even for secured retail, and we should move towards somewhere in the 70 to 90 basis point PBT ROA for that business as we move towards the current financial year. So every business will move towards better profitability for different reasons.

Secured retail is more a question of scale and productivity optimization. Unsecured is a question of optimizing on the outcomes on the provisioning and some optimization on the cost. Wholesale, I think, is already operating on, I would say, more than optimal ROA profitability because we have obviously seen zero credit costs for the last 3 to 4 years.

Kunal Shah: Sure, sure. And one last thing in terms of, again, the yield construct. So 50-odd basis points, even when we look at some kind of a mix change however, lower yield, we would have done it or maybe no yield, but that's still coming towards the end of the quarter. And maybe repo, again, when we look at it for us, the EBLR linked portfolio would be relatively lower compared to

anyone else. So is it like a larger part is the liquidity component within it? Maybe this 50 bps appears to be much higher, okay, looking at -- putting everything together.

Jaideep Iyer: So partly mix change, partly cards, reversal of interest due to slippages and partly due to liquidity I would say is all three are relatively important factors.

Kunal Shah: Okay. And now it should settle at this level or it will further go down as we are focusing more on the lower-risk portfolios, offset by the cost of liabilities benefit, which we'll get in?

Jaideep Iyer: I would say margins should flatten out. And therefore, we might have some more reduction in yield on advances largely compensated by cost of deposit.

Moderator: The next question is from the line of Shubhranshu Mishra from PhillipCapital.

Shubhranshu Mishra: Sir, in the PPT, I don't think there's a source split for the credit card sourcing. So how much is that from our in-house customers or liability customers? How much is that from the co-brands and how much is it from open market? Second is, what's the total amount of write-off that we have taken from the credit card pool in fiscal '26 and how much in fourth quarter? What kind of write-offs or settlements are we going to look forward in '27? And with this new capital coming in, are we looking at a change in the management as well at the CXO level, MD level? Happy to take these questions.

R. Subramaniakumar: Yes. First, with the new capital, only change what you'll be seeing is the Board composition, nothing else. Okay. As far as the card composition is concerned, I want to...

Jaideep Iyer: I'll take the question on write-off and then I'll give it to this Bikram on the mix of originations. So we took about INR590 crores write-off in Q4 on cards, which is nothing but a mathematical consequence of slippages and non-upgrades within 120 days. It's a technical write-off. We obviously continue to collect from these customers. And for the year, it was approximately INR2,100 crores. Bikram, on sourcing.

Bikram Yadav: So on the sourcing front, you have seen the new origination numbers of last 3, 4 months. Out of this total sourcing, 90% of it is sourced by our own direct sales teams in the market, about 10% of what we source on our own comes from our branch network. And our core brands contribute about 10% of the total.

Shubhranshu Mishra: So 80% is direct sales, 10% is co-brands and 10% is branch?

Bikram Yadav: Yes, ballpark, that is right.

Shubhranshu Mishra: Right. And just one follow-up question for Jaideep. This INR2,100 crores of write-off that we just spoke of and INR590 crores of technical write-off that we are speaking of, ballpark the recovery is, say, $0.30 to $1, right, or $0.25 to $1?

Jaideep Iyer: No, it should be a little lower, closer to maybe $0.15 to a $1.

Shubhranshu Mishra: $0.15 to a $1. And that over a period of 2, 3 years, not immediately in '27?

Jaideep Iyer: Bulk of it comes in the first 12 to 18 months.

Shubhranshu Mishra: Okay. So $0.10 and '27, another $0.05 back ended in '28?

Jaideep Iyer: Yes, that would be a good estimate, yes.

Moderator: The next question is from the line of Piran Engineer from CLSA.

Piran Engineer: Congratulations on the quarter. Most of my questions have been answered. But just to clarify 1 thing, Jaideep, you mentioned that NIMs will be stable in 1Q and then improve 2Q onwards?

Jaideep Iyer: That's right.

Piran Engineer: But what will drive the improvement from 2Q? If the TD repricing is over, I don't -- is it just the fact that your rating upgrade will lead to lower wholesale deposit rate? Is that the reason?

Jaideep Iyer: Piran, 1 mathematical outcome is the sheer amount of capital we will have, right? So the leverage will go down to 4, so that itself will be one. I don't think there is a material change in spread. There will be some improvement in spread as our credit card slippages come down, and therefore, standard asset credit card book plus MFI book should become a slightly higher percentage than where we are today.

Piran Engineer: Okay. So spreads will be the same, but the math impact is there of the equity capital. And just secondly, on wholesale deposits, can you just give us some sense of how the rates have moved, say since the time the Emirates deal was announced. And then even after the Gulf War, I'm assuming it would have gone back up. Can you just give us some sense of where it had they gone in the last 4, 5 months? -- or 6 months since you are...?

Jaideep Iyer: So broadly, I think the transaction has allowed a clear reflection on the pricing on the CD front and to some extent, the borrowings that we have from interbank borrowings, foreign currency borrowing, etcetera. On the TD front, I think it's been more a reflection of liquidity conditions that we've seen March was tight. So it went up. So nothing different materially yet from a -- just because of the transaction.

I think that we will expect to see once we have a rating upgrade, which we -- obviously will come through ideally immediately post the transaction. And we will also look to get an international rating so that we are able to very confidently attract the MNC business in India because that will also be an important segment to open up post the transaction.

Anshul Chandak: So I mean, just to add to Jaideep's point, I think there is increased acceptability of the NIM within the corporate world as well. So there is increased traction, and we've added many new NTB clients on the wholesale side from a liability perspective. So it is helping. And this will further sort of a...

Piran Engineer: Is that also coming at a lower cost. You're getting a wider range of corporates. That's good to know. Is the deposit also coming at lower costs yet or that will only be in the future?

R. Subramaniakumar: So as Jaideep has said clearly, we have not seen the impact of the transaction on the rate so far. And in the future, when the bank's rating goes up from AA to AAA, AA- expecting that to be impacted.

Jaideep Iyer: I think there are 2 things that will happen, Piran. One is that, as Mr. Kumar said, we'll have a material rating upgrade. And second, I think we will have a peculiar situation where need for deposits versus supply will be skewed in our favour. So that will -- part of it that hopefully structural part of that will be cyclical for the next 9 months.

Piran Engineer: Understood. And lastly, just a bookkeeping question. What is your mix of savings accounts deposits ticket wise? Like how much below INR5 lakhs -- how much -- say, INR5 lakhs to INR25 lakhs, etcetera?

Jaideep Iyer: Piran, I'm not carrying that I'll share with you...

Piran Engineer: INR5 lakhs and above INR5 lakhs, any broad sense if you can share?

Jaideep Iyer: I think below INR5 lakhs should be a high single-digit percentage, 10% or so.

Piran Engineer: Of SA or of total?

Jaideep Iyer: Savings or rating, I thought was your question.

Piran Engineer: Yes, that was my question. So 90% of your SA deposits are more than INR5 lakhs ticket size?

Jaideep Iyer: Just 1 second. Sorry, I'm being corrected. 33% is below INR5 lakhs.

Moderator: The next question is from the line of Param Subramanian from Investec.

Param Subramanian: I just -- again, coming back to the point on NII, right? So our NII is largely flattish quarter-on-quarter versus about a 15% balance sheet expansion sequentially. So I'm just trying to understand that I can see on the liabilities it is sharply led by wholesale and treasury, which you're showing in Slide 10. So is it that we've raised a lot of short-term liabilities, which as soon as the equity comes in, we will pay this off. And basically, we are levering up the book as quickly as possible, is broadly, this is how we are going to operate from here on and in the capital base?

Jaideep Iyer: So, Param, some amount of optimization is being attempted where we are looking to see how we can optimize the balance sheet post capital infusion because the best for the bank will be to retire liabilities rather than invest in short-term securities. So to some extent, we are doing that. To the extent it is does not conflict with LCR and other gaps that we have to run on our liability book. But otherwise, the reduction in cost of funds, cost of deposits is more a function of the environment rates and the cut in SA that we have taken.

Param Subramanian: Okay. Jaideep, if you would this wholesale and treasury this INR57,000 crores is that you're showing, what is the broad tenure of that? And this is all callable, right?

Jaideep Iyer: We will have some amount which is non-callable -- average tenure should be in the 6 months zone. 6 to 8 months. Retail would be about 1.5 years or so or 1 year plus. Wholesale would be in the 6 months zone. It includes the CD book which should -- yes 3 to 6 months yes.

Param Subramanian: Okay. And if I heard you correctly, you said the CD market is already reflecting the, say, benefits of the new parent. Did you say that?

Anshul Chandak: The amount of counterparties that are buying our CDs have gone up significantly. So it's definitely helping us.

Jaideep Iyer: Ultimately, we will -- the counterparties will also expect the final rating outcome for them to kind of ultimately reflect it fully. So that's a matter of whatever few weeks or months or whatever.

Param Subramanian: Okay. What is the broad benefit you've seen in the CD versus before?

R. Subramaniakumar: We are not a very big player in the CD market. Whatever is required to be raised for it able to raise it then and now also future will decide about after the transaction is put through.

Anshul Chandak: Currently, more counter parties -- number of counterparties that could buy it so…

Param Subramanian: Yes. Fair enough. If you could talk about what is a broad, let's say, yield on your wholesale book versus your retail book. In your retail, you've given segment-wise but the broad yield differential between wholesale and retail because clearly, wholesale is becoming a segment of focus?

Jaideep Iyer: So approximately 8% yield on wholesale, but that will include a component of foreign currency. If I strip out that, it should be closer to 8.5.

Param Subramanian: 8.3, on wholesale versus how much on the retail -- blended?

Jaideep Iyer: Blended, including cards and MFI?

Param Subramanian: Or if you could separate that it would also be fine.

Jaideep Iyer: That's about 14.9% blended retail.

Param Subramanian: Including cards and MFI?

Jaideep Iyer: That's right for the quarter 4.

Param Subramanian: Okay. Fair enough. And in the retail, I can see that there is this other component that has gone up sharply this quarter. What exactly is that?

Jaideep Iyer: So there was a -- priority sector related IBPC that we did inward of the agri portfolio. So that was approximately INR2,500 crores.

Param Subramanian: Okay. And lastly, Jaideep. So there are a few, say, openings within the bank where we have the interim position, the CFO, CRO and if you could talk about, say, what are the open positions,

what are the hiring that are pending and that we could look forward to in terms of, say, management additions, incrementally?

R. Subramaniakumar: Sir, we have been doing the churning right from the March 2025 itself. And it is our most ever position has been filled up. Here also, the interim says because of that transition point, we have already shortlisted the candidates we're waiting for people to join. If you ask me that we don't have a vacancy in majority of the CXO position, accepting for the CFO, who will be joining us shortly.

Param Subramanian: Okay. CFO. And there is an interim CRO, as well right -- so okay. Those are positions...?

R. Subramaniakumar: Previous CRO is continuing. The CRO who was there in the role is continuing. Any superannuates, there will be a change.

Moderator: The next question is from the line of Jayant Kharote from Axis Capital.

Jayant Kharote: Sir, just 1 question on the new branches that are opening in Kerala. How is the traction? What are the early signs? And any number that you could guide your target for deposit mobilization there?

R. Subramaniakumar: I'll tell you, the first day deposit was normally is quite encouraging. And since we have opened all the branches, the liabilities as well as assets, we saw some quite a good traction in respect the gold loan and some of the secured products like housing loan and LAP loan, we saw it on the day 1 in maybe around 6 to 7 branches out of 13 branches we opened.

And liability franchise is, yes, definitely picking up because of the corridor, which is just known to them. And it is too early to comment about how it is done so far. And our belief on the prediction is that it is -- it will definitely scale much faster than what we have seen in other geographies.

Moderator: The next question is from the line of Saurabh Patwa from Quest Investment Managers.

Saurabh Patwa: So sir, I think you just highlighted in the previous question also that you are -- a lot of senior management positions have already been filled in last one year. But given the kind of business profile change -- would you be also planning to change several regional level and several business level or middle management level changes? And how is the process for that ongoing because your risk profile is reducing materially. So your asset -- the kind of assets that you would be wanting to build require maybe require a different set of teams. So just wanted your thoughts on that, sir?

R. Subramaniakumar: If you just look at it, our asset building itself has started 2 years before. So when we wanted to we have invested heavily during that period itself. The new asset managers with a clear view of scaling the business to the extent what we intend to. And you have been seeing it the last 4, 5, 6 quarters continuously, they grow around 30%, 35% as far asset is concerned. In respect to the other middle management, it is a question of only routine business as usual.

Wherever we feel that there's an expansion takes place, there will be a new induction. And with respect to the managers, we have a -- we call it as a direct manager recruitment through our Manipal University training institute, which we continue to do as a routine manner. Now as we expand the branches, there will always be an induction of the managers, seniors – as well as upto that 2 levels up because the geography expansion needs some new faces also, right?

And our first preference is to identify the people with the capabilities and calibre within the organization, which we have been supporting it. We saw them as ones who understand that, who gel well with the culture of the bank as well as who understand the bank fairly well. And their productivity is -- normally used to be good. Wherever those opportunities are available, they are being considered as well.

Saurabh Patwa: Okay. And the second question was in terms of -- in the beginning of -- 1 of the questions you called you highlighted about the cross-border opportunity. With us -- we getting the funding from ENBD. And they are being our promoters, how large this opportunity can be? And have you already started to create some buildings and capabilities there as well?

R. Subramaniakumar: We have a fairly strong technology capability, which is handling our cross-border transactions even today. And it is, of course, now extending the pipe to that of some more maybe a single or double hop opportunities available. We are exploring all those things. And these things we'll be able to do it once our transaction is put through.

There's opportunities available. This opportunity is pretty high. You know that 135 billion monthly remittance is coming from that particular corridor and out of which 23% to 25% is coming from this particular bank. So that is an opportunity on which we are looking at.

Saurabh Patwa: Right. But will you also need to create some branch network related to that in India? Or our current abilities are reasonably strong to -- at least to begin with?

R. Subramaniakumar: As we have already identified and told earlier also that we are in the process of identifying the growth opportunity locations. We are already identified 200 locations for growth this year. If not 200, maybe around 150 and 200 branches, we'll be able to open this year. Last year, we opened around 52 out of which 23 were opened in the last quarter itself. And next quarter, we intend to open a similar number and we'll continue to maintain that trend for the next 4, 5, 6 quarters as well.

Moderator: The next question is from the line of Pritesh from DAM Capital Advisors.

Pritesh: Just 2, 3 questions. One is on the LCR. What would be the average this quarter?

Jaideep Iyer: 130.

Pritesh: And from April 1, there was a change in the LCR regulations. So any benefit or any decline on LCR, we can see?

Jaideep Iyer: Like-to-like, we should have a 2% to 3% benefit.

Pritesh: And the second question was on the prime lap interest rate to the sourcing yield is quite steady, the interest rate has gone down sharply after many quarters, I think. So anything to read into that?

Kumar Ashish: This is Kumar Ashish, here. I manage the Retail Assets. If you see on the prime lap, the sourcing yield we've been able to sustain quarter-on-year. The portfolio yield however, is actually sort of being adjusted given the repo rate that has been dropping since February '25. So since now we have seen a broad 125 basis points drop from 6.5 to now 5.25.

We've been at least able to sustain our portfolio yield within 80 to 90 basis points drop. But at least from a sourcing point of view, we are trying to make sure that we do a calibrated disbursement both for risk as well as pricing. And therefore, we don't see even going forward this to be moderating.

Pritesh: So it's more a function of a repo rate or the repricing happening from a rate cut point of view?

Jaideep Iyer: On the existing portfolio, that's how it will happen, yes.

Pritesh: And lastly, on the MFI ticket size on disbursement, it has been going up. Now it's almost 32% up year-on-year also the portfolio outstanding also is going up. How do you see from here on? How do we -- because seems to be that the ticket size is one of the highest in the industry right now for us.

R. Subramaniakumar: Although it is not the highest, it's nothing but a natural that the ticket size is going to go up because of the restriction on the number of lenders as for the MFIN guard rails, and the amount is also capped when the combination of the lender restrictions and amount restrictions, naturally only 3 or 4 has to give it, instead of having 5, 6 people who were already distributing it, it is bound to go up. And in our view that it is more or less it is reaching that point where -- it may not drastically move up, it may marginally move a little bit.

Kumar Ashish: So just to add, as you're aware, MFIN specifically guides the number of loans that any borrower can take and for across the industry, the number of sort of outstanding loans on older ones with more than 3 years drop to less than 6%. I'm giving you the industry numbers too. And therefore, it's like the MD said, it's a natural thing that people are actually looking at higher ticket sizes from the MFI that all the banks that they have business with.

The other thing in context for us is that we have also been focusing more on renewal of our existing good borrowers. And in fact, that also ensures that our ticket sizes go up in the second cycle and the third cycle and so on and so forth.

Jaideep Iyer: We are still nowhere close to highest in the industry.

Kumar Ashish: Not at all.

Pritesh: Right, sir. I was just trying to get a sense that assuming that the guardrails are still there for many quarters to come. Do we see the ticket size still moving up? Or we will see that there is

opportunity to add new customers as the asset quality at least now has improved across the industry.

Kumar Ashish: I would think that we'll have to keep in context of the overall loan cap also to an MFI borrower, which is kept in any case at 2 lakhs. And therefore, I don't think we are going to see a significant spike from where all, assuming that people on an average will have loans with, let's say, 1 or 2, right? And therefore, this sort of perhaps can move by another 5%, 10%, that's the range I would say.

Pritesh: Sure. And lastly, from this crisis, which has happened and for our lending businesses, any early assessment or anything we have noticed or are going to see? Or is it like on a platter to just to see of what can be the impact?

Jaideep Iyer: No. So I think Mr. Kumar mentioned that in his opening remarks. So far, we have not seen any impact at all, both on the wholesale and retail portfolio. We monitor this very, very closely in terms of any cash flow issues on borrowers on wholesale, any bounce rate going up on retail. So far, we haven't seen anything. Having said that, it is still early days because the real impact might come over some time.

Though I guess, again, the other important thing is we've been fairly risk averse on wholesale for now pretty much over the last 5 years. And similarly, on the retail front post September '21. We had a very different underwriting standards. And as a result of which, we've seen hardly any slippages or hardly any credit costs coming through on the secured retail front. .

So given the nature of that underwriting, I would be surprised if there is any material impact, but we'll have to see how this goes because it depends on many, many factors.

Moderator: This will be the last question for today, which is from the line of Pravin Agarwal, an Individual Investor. As there is no response, we now conclude the Q&A session. If you have any further questions, please contact RBL Bank Limited via e-mail at ir@rblbank.com. I repeat ir@rblbank.com. Thank you, members of the management. On behalf of RBL Bank Limited, we thank you for joining us, and you may now disconnect your lines. Thank you.

R. Subramaniakumar: Thank you very much. Thanks.