

December 17, 2025

## RBL Bank Limited: Short-term rating reaffirmed and amount enhanced for certificates of deposit programme; long-term rating continues on Watch with Positive Implications

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Basel III Tier II bonds	70.00	70.00	[ICRA]AA-; rating continues on Watch with Positive Implications
Fixed deposit	-	-	[ICRA]AA-; rating continues on Watch with Positive Implications
Short-term fixed deposit	-	-	[ICRA]A1+; reaffirmed
Certificates of deposit	6,000.00	10,000.00	[ICRA]A1+; reaffirmed/assigned for enhanced amount
<b>Total</b>	<b>6,070.00</b>	<b>10,070.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

On October 18, 2025, RBL Bank Limited (RBL) had informed the stock exchanges that its board of directors had considered and approved an investment of up to approximately \$3 billion (Rs. 26,850 crore) by Emirates NBD PJSC (ENBD; rated A1 by Moody's) through a preferential issue to acquire a 60% controlling stake in the bank. This will also trigger a mandatory open offer, to be made by ENBD, for the purchase of a stake of up to 26% from the public shareholders of the bank. Additionally, the transaction will involve the amalgamation of ENBD's Indian branches with RBL (to ensure compliance with Reserve Bank of India (RBI) regulations), post execution of the preferential issuance, whereby ENBD will be allotted shares in RBL. Following the announcement, ICRA had placed the bank's long-term rating on Watch with Positive Implications and the same continues as the transaction is yet to be consummated. The transaction has been approved by the shareholders, though it is subject to various statutory and regulatory approvals. After completion of the transaction, ENBD will be classified as the promoter of RBL.

The ratings continue to factor in RBL's comfortable capital position, with the CET I and capital-to-risk weighted assets ratio (CRAR) at 13.51%<sup>1</sup> and 15.02%<sup>1</sup>, respectively, as on September 30, 2025. The ratings also consider the healthy growth in advances and the overall deposit base along with the granularisation of the asset and liability base undertaken by the bank over the past few years. However, the earnings profile remains weighed down by high credit provisions and operating costs, leading to suboptimal operating profitability. The increase in credit costs was due to high slippages in the unsecured retail loan segment, i.e. credit cards and microfinance loans, which led to a moderation in the return indicators in FY2025 and H1 FY2026. The overall earnings profile is likely to continue to witness compression in yields due to rate cuts and the changing business mix (increase in secured assets as opposed to high-yielding unsecured assets) as seen in H1 FY2026. Further, the latest rate cut in December 2025 is likely to delay the benefit of progression in deposit repricing to some extent. Nevertheless, the substantial equity infusion on the completion of the ENBD transaction would support the net interest margin (NIM) and hence the profitability.

RBL's operational efficiency is also expected to improve. This, coupled with the likely reduction in credit costs, would support the overall profitability. However, the stress in the unsecured segment on account of worsening credit discipline, overleveraging of borrowers and the impact of economic shocks/disruptions on the asset quality will remain monitorable. Slower-than-expected transmission of deposit rate cuts, discretionary expenditure for customer franchise expansion and the impact of regulatory changes like the implementation of expected credit loss (ECL) on profitability will also remain monitorable.

<sup>1</sup> Including profits

ICRA will continue to monitor the progress in terms of the receipt of requisite regulatory approvals, understand ENBD's strategy and its extent of involvement in the bank's operations and will take appropriate rating action as more clarity emerges. ICRA will resolve the rating watch on the completion of the transaction.

## Key rating drivers and their description

### Credit strengths

**Comfortable capital position** – RBL's capitalisation position remained comfortable with the CET I and CRAR at 13.51% and 15.02%, respectively, as on September 30, 2025 (14.19% and 15.92%, respectively, as on September 30, 2024). Amid the weak profitability/losses in the past few years, the bank demonstrated its fundraising ability with the equity capital raise of Rs. 1,566 crore in FY2021 and Rs. 2,701 crore in FY2020. Going forward, RBL has guided towards an improvement in its internal capital generation although this is contingent on the trends in the asset quality and credit costs. In addition, the proposed deal with ENBD is likely to boost the capital base significantly. Hence, ICRA will continue to monitor the progress of the transaction.

**Improving deposit base, although share of bulk deposits remains high** – Deposit accretion remained steady with the overall deposit base growing by 8.1% YoY to Rs. 1.17 lakh crore as on September 30, 2025. Additionally, the bank has been gradually increasing the share of retail deposits, which also supported its liquidity coverage ratio (LCR) over the past year despite the reduction in its on-balance sheet liquid assets. Even though it has improved, the share of granular deposits (<Rs. 3 crore) remains low (51.0% of total deposits as on September 30, 2025 compared to 48.4% as on September 30, 2024). The depositor concentration level has also improved but remains elevated with the share of the top 20 depositors at 13.6% as on March 31, 2025 (17.4% as on March 31, 2024 and 16.2% as on March 31, 2023). This, along with the lower share of current account savings account (CASA) at 31.9% as on September 30, 2025 (33.6% as on September 30, 2024) in relation to the private sector banks' (PVB) average, led to the higher cost of interest-bearing funds of 6.11% compared to 5.40% for PVBs in H1 FY2026. Going forward, the bank's ability to garner deposits at a lower cost is expected to improve, post consummation of the proposed ENBD deal, which will support it in improving its cost of interest-bearing funds. Besides, its ability to granularise the liability profile through branch network expansion will bear fruit over the medium-to-long term. This will also be key for protecting the profitability, while growing its presence in other secured retail segments, which carry relatively lower risk and yields.

### Credit challenges

**Asset quality remains monitorable; credit costs remain high** – ICRA notes that the gross fresh slippage rate remained high at 4.9% of standard advances in FY2025, rising from 3.5% in FY2024 on account of increased slippages from the unsecured retail loan book and remaining significantly above the banking sector average. Given the continued stress in these segments, the annualised slippage rate moderated but remained high at 4.3% in H1 FY2026. The asset quality will continue to be monitorable in the coming quarters.

Despite the asset quality stress in the past, the bank's headline asset quality numbers, i.e. gross and net non-performing advances (NPAs), witnessed relatively less deterioration because of sizeable write-offs as per its internal policy. As a result, RBL's overall credit costs/average total assets (ATA) remained elevated at 2.1% in FY2025 and 1.3% (annualised) in H1 FY2026, impacting its profitability and return metrics. However, given the healthy provision coverage ratio (PCR), its net NPA improved to 0.57% as on September 30, 2025 from 0.79% as on September 30, 2024. While RBL continues to guide towards lower slippages going forward, its ability to do so, in the backdrop of the elevated stress in unsecured retail segments amid overleveraging concerns, and any deterioration in the macro environment and geopolitical issues would remain monitorable for the asset quality and profitability metrics.

**Modest profitability; expected to improve upon completion of ENBD transaction** – RBL’s changing business mix, involving an increase in the share of retail secured assets and granular liabilities coupled with the scaling up of its in-house credit cards collections team, has resulted in significant operational expenses with operating costs/ATA remaining high at 4.8% in H1 FY2026 (3.5-4.7% during FY2022-FY2025). Moreover, NIMs faced pressure in H1 FY2026, given the faster repricing of assets compared to liabilities in the declining rate environment. This led to a suboptimal operating profit with the core operating profit at 2.3% of ATA in FY2025 and 1.5% (annualised) in H1 FY2026, which were lower than the PVB average despite the higher share of high-yielding loans in the overall loan book. Further, credit costs remained elevated on account of continued stress in the unsecured segments, leading to an annualised return on assets (RoA) of 0.5% in H1 FY2026 (0.5% in FY2025, 0.9% in FY2024 and 0.8% in FY2023). The ability to improve the operating leverage and control credit costs will be key for increasing the profitability; nonetheless, the sizeable equity infusion proposed as part of the ENBD transaction is likely to support an improvement in the profitability.

### Liquidity position: Adequate

With the increasing granularity of deposits, the bank’s LCR has improved despite the lower excess statutory liquidity ratio (SLR). The daily average LCR was 127% in Q2 FY2026, supported by the excess SLR of ~8% of net demand and time liabilities (NDTL) on the fortnightly reporting date of September 19, 2025 (over the regulatory minimum of 18%). The excess SLR can be utilised to avail liquidity support from the Reserve Bank of India (RBI; through repo) apart from the marginal standing facility in case of urgent liquidity needs. RBL’s ability to maintain a high rollover rate of deposits and further improve the granularity of the deposit base in the future will remain a key factor for sustaining liquidity.

### Environmental and social risks

While banks like RBL do not face material physical climate risks, they are exposed to environmental risks indirectly through their asset portfolio. If the entities or businesses, to which banks and financial institutions have exposure, face business disruptions because of physical climate adversities or if they face climate transition risks because of technological, regulatory or customer behaviour changes, the same could translate into credit risks for banks. However, such risks are not material for RBL as it benefits from adequate portfolio diversification. Further, the lending is typically short-to-medium term, allowing it to adapt and take incremental exposure to businesses that face relatively fewer downside environmental risks.

With regard to social risks, data security and customer privacy are among the key sources of vulnerability for banks as material lapses could be detrimental to their reputation and invite regulatory censure. RBL has not faced such lapses over the years, which highlights its sensitivity to such risks. It is seen to be operating responsibly in terms of its selling practices, with no instances of fines being imposed by the regulatory authorities because of misconduct. Customer preference is increasingly shifting towards digital banking, which provides an opportunity to reduce operating costs. RBL has been at the forefront of making the requisite investments to enhance its digital interface with its customers. While it contributes to promoting financial inclusion by lending to the underserved segments, its lending practices remain prudent, as reflected in the healthy asset quality numbers in this segment compared with its peers.

### Rating sensitivities

**Positive factors** – ICRA will resolve the rating watch on completion of the transaction.

**Negative factors** – The ratings will no longer remain on Watch with Positive Implications if the proposed transaction with ENBD does not materialise. Thereafter, a deterioration in the asset quality or capital position, leading to the weakening of the solvency profile, with net NPA/core equity of more than 25% on a sustained basis. Further, a sustained RoA of less than 0.8% and/or a decline in the capital cushions to less than 2% in relation to the Tier I regulatory levels on a sustained basis will be negative triggers. Moreover, a material weakening in the bank’s liability franchise, impacting its resource profile, will be a negative factor.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">ICRA's Rating Methodology for Banks and Financial Institutions</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of RBL. However, in line with ICRA's consolidation approach, the standalone assessment of the bank factors in the ordinary and the extraordinary support that it is expected to extend to its subsidiary.

## About the company

Maharashtra-based RBL Bank Limited was established in 1943. It received the status of a scheduled commercial bank in 1959. The bank underwent a management change in FY2011, following which its corporate office was shifted to Mumbai. Besides, RBL underwent a change in shareholding in FY2011 with equity infusions from various private equity funds. From its erstwhile name of Ratnakar Bank Limited, it was renamed RBL Bank Limited in mid-2014. It was listed on Bombay Stock Exchange and National Stock Exchange after its initial public offering (IPO) in August 2016. RBL FinServe Limited, its subsidiary, acts as a business correspondent for the bank, sourcing microfinance loans through its branches along with distributing various financial services and products.

As on September 30, 2025, RBL had 564 branches, 415 ATMs and 1,347 business correspondent branches (through RBL FinServe Limited).

## Key financial indicators (standalone)

RBL Bank Limited	FY2024	FY2025	H1 FY2026
Total income	8,950	9,893	4,751
Profit after tax	1,168	695	379
Total assets (Rs. lakh crore)	1.38	1.47	1.54
CET	14.38%	14.06%	13.51%*
CRAR	16.18%	15.54%	15.02%*
Net profit/ATA	0.92%	0.49%	0.50%^
Gross NPAs	2.65%	2.60%	2.32%
Net NPAs	0.74%	0.29%	0.57%

Source: RBL Bank Limited, ICRA Research; Amount in Rs. crore unless specified otherwise; Total income = Net interest income + Non-interest income (excluding trading gains); All calculations as per ICRA Research; \* Includes profits for the interim period; ^ Annualised

## Status of non-cooperation with previous CRA: Not applicable

## Any other information

## Rating history for past three years

Instrument	Current ratings (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Dec-17-2025	Date	Rating	FY2025		FY2024		FY2023	
						Date	Rating	Date	Rating	Date	Rating
<b>Certificates of deposit</b>	Short term	10,000	[ICRA]A1+	Aug-25-2025	[ICRA]A1+	Aug-21-2024	[ICRA]A1+	Aug-16-2023	[ICRA]A1+	Jun-9-2022	[ICRA]A1+
				Oct-29-2025	[ICRA]A1+	-	-	-	-	Sep-14-2022	[ICRA]A1+
<b>Short-term fixed deposit</b>	Short term	-	[ICRA]A1+	Aug-25-2025	[ICRA]A1+	Aug-21-2024	[ICRA]A1+	Aug-16-2023	[ICRA]A1+	Jun-9-2022	[ICRA]A1+
				Oct-29-2025	[ICRA]A1+	-	-	-	-	Sep-14-2022	[ICRA]A1+
<b>Basel III Tier II bonds</b>	Long term	70	[ICRA]AA-; Rating Watch with Positive Implications	Aug-25-2025	[ICRA]AA-(Stable)	Aug-21-2024	[ICRA]AA-(Stable)	Aug-16-2023	[ICRA]AA-(Stable)	Jun-9-2022	[ICRA]AA-; Rating Watch with Developing Implications
				Oct-29-2025	[ICRA]AA-; Rating Watch with Positive Implications	-	-	-	-	Sep-14-2022	[ICRA]AA-(Stable)
<b>Fixed deposit</b>	Long term	-	[ICRA]AA-; Rating Watch with Positive Implications	Aug-25-2025	[ICRA]AA-(Stable)	Aug-21-2024	[ICRA]AA-(Stable)	Aug-16-2023	[ICRA]AA-(Stable)	Jun-9-2022	[ICRA]AA-; Rating Watch with Developing Implications
			-	Oct-29-2025	[ICRA]AA-; Rating Watch with Positive Implications	-	-	-	-	Sep-14-2022	[ICRA]AA-(Stable)

## Complexity level of the rated instrument

Instrument	Complexity indicator
<b>Basel III Tier II bond programme</b>	Highly Complex
<b>Fixed deposit programme</b>	Simple
<b>Short-term fixed deposit programme</b>	Simple
<b>Certificates of deposit programme</b>	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

## Annexure I: Instrument details

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Basel III Tier II bonds	Yet to be placed	-	-	70.00	[ICRA]AA-; Rating Watch with Positive Implications
NA	Fixed deposits	NA	NA	NA	-	[ICRA]AA-; Rating Watch with Positive Implications
NA	Short-term fixed deposits	NA	NA	NA	-	[ICRA]A1+
NA	Certificates of deposit	Yet to be placed	-	7-365 days	4,550.00	[ICRA]A1+
INE976G16OD3	Certificates of deposit	Aug 18, 2025	6.3998%	Dec 17, 2025	150.00	[ICRA]A1+
INE976G16OD3	Certificates of deposit	Aug 19, 2025	6.3999%	Dec 17, 2025	350.00	[ICRA]A1+
INE976G16OD3	Certificates of deposit	Aug 26, 2025	6.3999%	Dec 17, 2025	100.00	[ICRA]A1+
INE976G16OD3	Certificates of deposit	Aug 29, 2025	6.4000%	Dec 17, 2025	400.00	[ICRA]A1+
INE976G16OD3	Certificates of deposit	Sep 30, 2025	6.2498%	Dec 17, 2025	1,200.00	[ICRA]A1+
INE976G16OD3	Certificates of deposit	Sep 30, 2025	6.2498%	Dec 17, 2025	250.00	[ICRA]A1+
INE976G16OD3	Certificates of deposit	Oct 01, 2025	6.2502%	Dec 17, 2025	400.00	[ICRA]A1+
INE976G16OD3	Certificates of deposit	Oct 06, 2025	6.2503%	Dec 17, 2025	800.00	[ICRA]A1+
INE976G16OD3	Certificates of deposit	Oct 07, 2025	6.2498%	Dec 17, 2025	800.00	[ICRA]A1+
INE976G16OE1	Certificates of deposit	Nov 25, 2025	6.3700%	Feb 25, 2026	500.00	[ICRA]A1+
INE976G16OE1	Certificates of deposit	Nov 26, 2025	6.3700%	Feb 25, 2026	500.00	[ICRA]A1+

Source: RBL Bank Limited; Certificates of deposit outstanding as on December 08, 2025

## Key features of rated debt instruments

The servicing of the fixed deposits and certificates of deposit is not subject to any capital ratios and profitability. However, the Basel III Tier II bonds are expected to absorb losses once the point of non-viability (PONV) trigger is invoked by the RBI. These bonds have equity-like loss-absorption features. Such features may translate into higher loss severity vis-à-vis conventional debt instruments.

## Annexure II: List of entities considered for consolidated analysis

Company name	RBL Bank ownership	Consolidation approach
RBL FinServe Limited	100%	Full consolidation

Source: RBL Bank Limited

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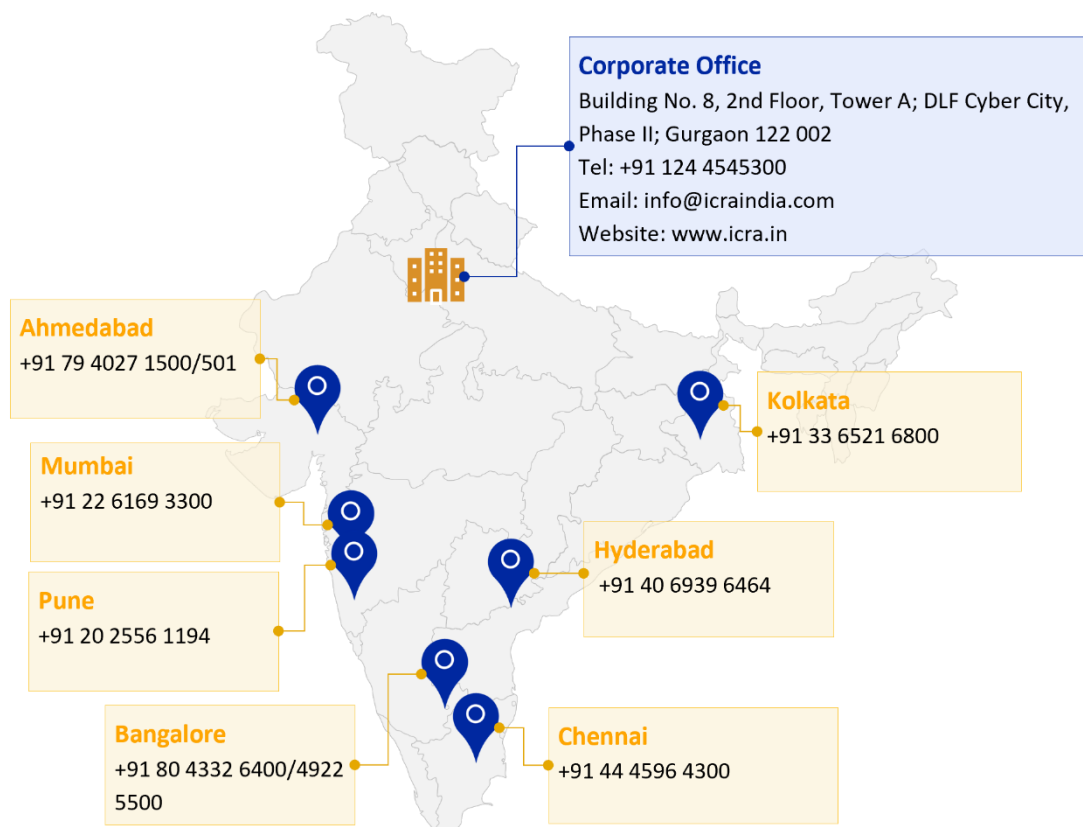


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