'CareEdge BBB+/Stable' rating assigned to foreign currency notes of RBL Bank Limited

USD 1 billion euro medium-term notes^	**CareEdge BBB+/Stable**
USD 350 million foreign currency notes*	**CareEdge BBB+/Stable**
Long-term foreign currency issuer rating	**CareEdge BBB+/Stable**

^Assuming the notes issued under the programme would be senior and rank pari passu with the issuer's other senior debt obligations. Facility-specific rating would be evaluated based on the instrument features once finalised closer to issuance.

*Carved out of the above rated notes programme

CareEdge Global Ratings has assigned a 'CareEdge BBB+/Stable' long-term foreign currency rating to RBL Bank Limited's (RBL) USD 350 million foreign currency notes. CareEdge Global Ratings has also reaffirmed RBL's long-term foreign currency issuer rating and USD 1 billion Euro Medium-Term Notes (EMTN) programme at 'CareEdge BBB+/Stable'.

Rating rationale

The rating reflects the expected extraordinary support from Emirates NBD Bank P.J.S.C. (ENBD), RBL's promoter and 60% shareholder, given RBL's strategic importance as ENBD's principal banking platform in India. ENBD acquired a majority stake in RBL through a primary capital infusion of about Rs 260 billion in June 2026. The transaction materially strengthened RBL's capitalisation and loss-absorption capacity, while providing significant headroom for measured balance-sheet growth.

The support assessment considers ENBD's majority ownership and promoter status, sizeable financial commitment, representation through five nominee directors on RBL's board, and management's stated long-term commitment to India. Over time, RBL is also expected to benefit from ENBD's financial strength, risk-management and digital capabilities, international network, and business and funding synergies.

ENBD's strong credit profile, in turn, is supported by its systemic importance in the United Arab Emirates (UAE), majority ownership by the Government of Dubai through its investment arm, sound capitalisation, robust liquidity and strong profitability.

RBL has become a strategically important subsidiary within ENBD's regional franchise. The bank provides ENBD with an established Indian banking licence, nationwide distribution, more than 15 million customers and a diversified presence across retail, SME, commercial, and corporate banking. The scale of the investment, board-level oversight, and visible association with the ENBD brand create strong economic and reputational incentives for timely support.

However, operational integration is at an early stage and cross-border support is subject to regulatory approvals.

RBL's standalone credit strengths include an increasingly diversified franchise, a granular deposit base, robust liquidity, and substantially strengthened capitalisation. These are balanced by moderate asset quality and modest profitability. Reported non-performing asset (NPA) ratios have improved, but the bank remains exposed to credit-cost volatility from microfinance, credit cards, and other unsecured retail lending. Further, profitability is constrained by elevated operating expenses, credit costs, and margin compression. The pace and quality of capital deployment, performance of new loan vintages, and realisation of ENBD-related synergies are key rating monitorables.

Outlook

The stable outlook reflects CareEdge Global's expectation that RBL will remain strategically important to ENBD and will benefit from continued financial, managerial, and operational support. RBL is expected to maintain strong capitalisation while gradually rebalancing its portfolio towards lower-risk asset classes. Asset quality should be under control, although unsecured retail portfolios will continue to drive volatility in credit costs.

Rating sensitivity factors

Upward factors

- Upward revision in ENBD's credit risk profile, subject to CareEdge Global's India's transfer and convertibility assessment
- Stronger integration with ENBD, together with a sustained track record of support and stronger brand association

Downward factors

- Downward revision in ENBD's credit risk profile, or material dilution in its support philosophy, or a decrease in its shareholding below the majority mark
- Significant deterioration in RBL's capitalisation profile or asset quality on a sustained basis

Analytical approach

CareEdge Global has assessed RBL's business and financial risk profile on a consolidated basis. The rating incorporates expected support from ENBD under CareEdge Global's Group Rating Methodology.

Key rating drivers

Strengths

Strong parentage of ENBD

ENBD is the third-largest bank in Gulf Cooperation Council (GCC) by assets (~USD 360 billion as of June 30, 2026). With operations across 13 countries, its diversified franchise spans corporate and institutional banking, retail and wealth management, and international operations. Capitalisation is sound, with capital adequacy ratio (CAR) averaging 16-17% since 2022. The group also benefits from a strong deposit franchise and robust liquidity, with a

liquidity coverage ratio (LCR) of 135% in the first half of calendar year 2026. Profitability is strong and supported by diversified income and low credit costs, and non-performing loans (NPL) of 2.1% as of June 30, 2026.
ENBD's credit profile is further strengthened by its systemic importance in Dubai and the UAE, and majority ownership by the Government of Dubai through its investment arm. The Government of Dubai and UAE authorities have a record of supporting ENBD, including capital and liquidity assistance during the global financial crisis. These strengths are partly offset by concentration in corporate and real estate exposures, risks from international operations including Türkiye, and sensitivity to regional geopolitical developments.

High strategic importance to ENBD and strong support incentives
ENBD holds 60% stake in RBL and is recognised as its promoter. The approximately Rs 260 billion capital infusion is substantial and exceeds RBL's pre-transaction net worth. ENBD has identified India as a priority growth market and RBL as its primary vehicle for future expansion, giving the subsidiary strategic value beyond its current contribution to group assets.

Significant governance linkages--five ENBD nominees on RBL's 13-member board--facilitates oversight of strategy, risk appetite, capital planning, and technology transformation. RBL's official communications identify it as a subsidiary of ENBD, creating visible reputational linkage. ENBD has also indicated a willingness to increase ownership over time, subject to regulatory approvals.

Integration is expected to progress over the next 2-3 years, with technology, digital capabilities, risk management, products, and customer experience identified as priorities. Potential synergies include stronger access to India-Middle East trade and remittance corridors, NRI and affluent-customer deposits, transaction banking, wealth management, and multinational corporate relationships. The benefits are prospective and their timing and magnitude remain dependent on execution.

Accordingly, CareEdge Global has factored a three-notch benefit of parent support in RBL's rating, as per its Group Rating Methodology.

Significantly strengthened capitalisation with recent infusion
ENBD's capital infusion has materially strengthened RBL's capitalisation and loss-absorption capacity. The bank's CAR increased to 33.3% as of June 30, 2026, from 14.2% as of March 31, 2026, while its Tier 1 capital ratio rose to 32.2% from 12.8%. Leverage, measured as debt to tangible net worth, declined to about 3.1x from 9.8x over the same period. The enlarged capital base provides a substantial buffer above regulatory requirements and significant headroom to support medium-term growth.

CareEdge Global expects RBL to deploy the capital gradually, with a focus on relatively low-risk asset classes. The capital infusion has also enabled the bank to reduce relatively high-cost borrowings of approximately Rs 100 billion in June 2026, which should support its funding profile and profitability. However, the pace and quality of capital deployment, the risk-adjusted returns generated on the incremental business, and the performance of newer loan vintages will remain key monitorables.

Increasing scale and diversification of operations

RBL's advances grew by 23% year-on-year (YoY) to Rs 1,142 billion as of March 31, 2026, from Rs 926 billion a year earlier. Over FY22-FY26, advances expanded at a CAGR of 17.5%. As of March 31, 2026, the loan portfolio is diversified across retail (59%) and wholesale (41%). The retail portfolio comprises business loans, credit cards, housing, gold, vehicle, microfinance, and personal loans.

Nevertheless, around one-fourth of the overall loan book remains unsecured, exposing the bank to higher credit-cost volatility. RBL intends to rebalance incremental growth towards secured retail, SME, commercial and corporate banking, while managing higher-yielding unsecured products within tighter risk parameters.

Deposits increased by about 25% to Rs 1,390 billion as of March 31, 2026, broadly keeping pace with loan growth and supporting a credit-to-deposit ratio of around 82%. ENBD's franchise and international network is expected to help RBL strengthen its corporate, NRI, transaction-banking and affluent-customer deposits, although the realisation of these benefits remains subject to effective integration.

Weaknesses

Asset quality has improved, but unsecured retail exposure remains a monitorable

RBL's reported gross non-performing asset (GNPA) ratio improved to 1.5% as of March 31, 2026, from 2.6% a year earlier, and further to 1.3% as of June 30, 2026. The provision coverage ratio was adequate at around 72% as of June 30, 2026. The improvement in reported asset quality indicators was supported by recoveries, upgrades, write-offs, and moderation in stress across parts of the retail portfolio.

Nevertheless, the bank remains exposed to asset quality volatility arising from its unsecured retail portfolio. The GNPA ratio in the microfinance segment jumped to 21.2% as of March 31, 2025, from 4.2% a year earlier, reflecting sector-wide borrower overleveraging and collection challenges, before moderating to around 6.2% as of March 31, 2026. Credit costs, although lower at about 1.4% of average assets in FY26 compared with 2.1% in FY25, remained elevated. The sustainability of collections, performance of newer loan vintages and delinquency trends across microfinance, credit card, and other unsecured retail portfolios remain key rating monitorables.

Modest profitability, constrained by elevated credit and operating costs

RBL's profit after tax increased to about Rs 9 billion in FY26 from Rs 7 billion in FY25. However, return on assets (RoA) remained modest at around 0.5% in both years, reflecting continued

pressure from operating expenses and credit costs. Operating expenses remained elevated at around 4.4% of average assets, reflecting continued investments in technology and distribution, the expansion of in-house collection capabilities, and commissions paid to distribution partners. Net interest margin declined to 3.9% in FY26 from 4.6% in FY25.
CareEdge Global expects RBL's association with ENBD to support profitability over the medium term through potential funding-cost efficiencies, stronger fee income generation, access to cross-border business opportunities, and improved operating leverage. However, these benefits will depend on the pace and effectiveness of integration. A sustained improvement in profitability will depend on disciplined asset pricing, moderation in credit costs, growth in fee-based income, and the successful realisation of operating synergies.

Liquidity

The bank's LCR was robust at 133% as on June 30, 2026, supported by a stable retail deposit franchise, an adequate CASA base, and a sizeable portfolio of liquid investments. Liquidity is reinforced by the bank's ability to tap systemic funding avenues, including the RBI's liquidity adjustment facility (LAF), marginal standing facility (MSF), repo against SLR securities, refinance from institutions such as NABARD, NHB, and SIDBI, as well as the call money market.

The capital infusion from ENBD has further strengthened RBL's liquidity position and funding flexibility. CareEdge Global expects ENBD to provide timely support, as required, given RBL's strategic importance to the group and the strong reputational linkage between the two entities. However, such support would be subject to applicable regulatory approvals and cross-border capital and liquidity restrictions.

Environmental, social, and governance (ESG) considerations

RBL's ESG profile is supported by its established sustainability framework, integration of environmental and social risk considerations into lending practices, and a governance framework that emphasizes transparency and responsible banking. Environmental risks arise through the bank's lending portfolio, though mitigated through environmental and social risk management policies aligned with IFC Performance Standards, defined thresholds for exposure to high-carbon-emitting sectors, and incorporation of climate-related physical risk assessment in the credit approval process.

From a social standpoint, the bank demonstrates a strong commitment to financial inclusion through its micro-banking franchise focused on underserved women borrowers, digital financial literacy programmes delivered through business correspondents, and sustainable finance initiatives supporting agricultural practices and micro-enterprises. The bank's CSR initiatives across healthcare, education, and livelihood development have further strengthened its social impact, with projects such as 'Dhanvanthari' benefiting underserved communities. Additionally, women constituted 24.7% of the workforce as of June 2026, with a stated target of increasing representation to 30% by 2027.

The bank’s board consists of 13 directors, six of whom are independent. Overall, ESG factors are viewed as supportive of the bank's long-term sustainability profile and do not present any material credit concerns at present.

Operating environment in the UAE

The UAE has a highly diversified economy, with non-oil activities accounting for 82% of GDP in 2025, an investment-led growth model, strong fiscal and external positions, and stable governance. With nominal GDP of USD 614 billion in 2025, the economy is expected to grow by 3.1% in 2026, despite the near-term impact of regional conflict and disruptions to trade and tourism. Strong infrastructure and logistics connectivity, a low tax environment, and continued development of tourism, real estate, financial services, and other non-oil sectors have strengthened the country’s position as a regional business and investment hub. The sovereign benefits from substantial fiscal buffers through sovereign wealth fund assets equivalent to 470% of GDP as of May 2026, particularly the sizeable assets of the Abu Dhabi Investment Authority (ADIA), at 195% of GDP, which provide a strong backstop to the public balance sheet. The UAE attracted FDI flows equivalent to 5.7% of GDP in 2025 and ranked 9th globally in the 2026 Kearney FDI Confidence Index, reflecting strong investor confidence in its economic outlook and business environment. More than 40 free zones offer 100% foreign ownership and full repatriation of capital and profits, while the 9% corporate tax rate remains competitive internationally. Continued regulatory reforms, digitalisation, and streamlined business processes further support private sector participation and investment.

However, the operating environment is exposed to geopolitical, real estate, and execution risks. The escalation of regional conflicts can affect tourism, trade, logistics, capital flows and investor sentiment, while disruption to regional transport and energy routes could raise operating costs for businesses. Although the economy has become quite diversified, hydrocarbon activity and government-related entities continue to play an important role, creating indirect exposure to oil price cycles and state investment priorities. Rapid expansion in the real estate sector also presents correction risks, particularly given its importance to investment and domestic activity. In addition, the significant presence of expatriate labour, alongside evolving Emiratisation requirements, leaves businesses reliant on continued access to foreign talent and flexible labour supply. These factors could increase operating costs and constrain business flexibility if regional tensions intensify or labour and regulatory requirements tighten.

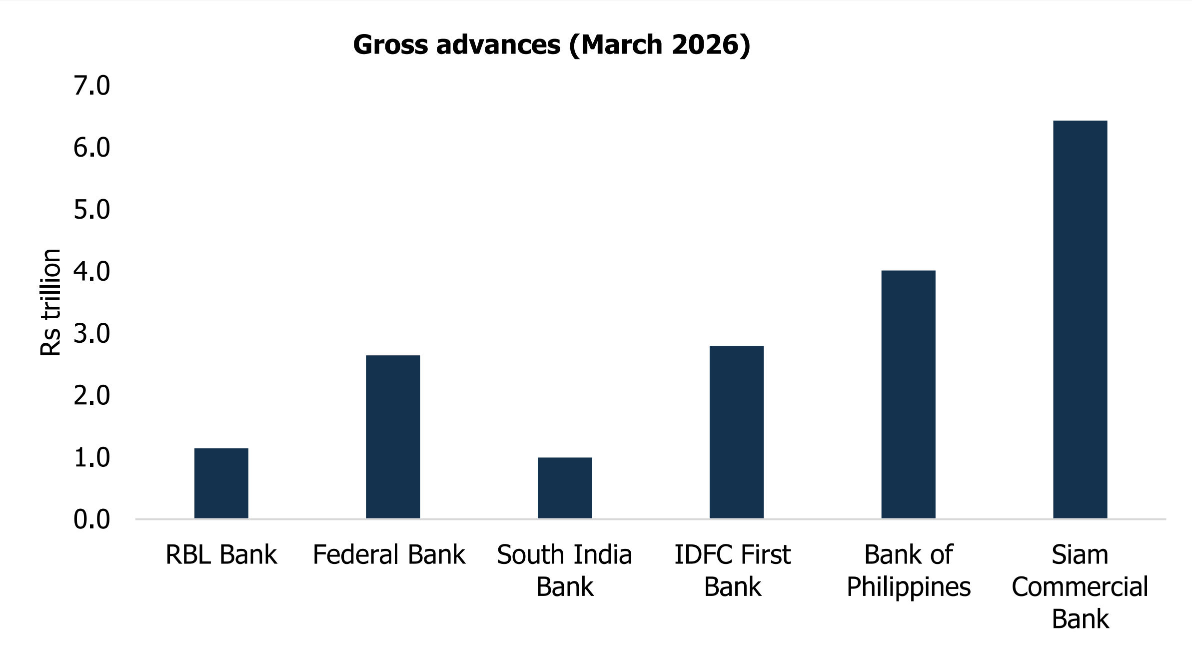
About RBL

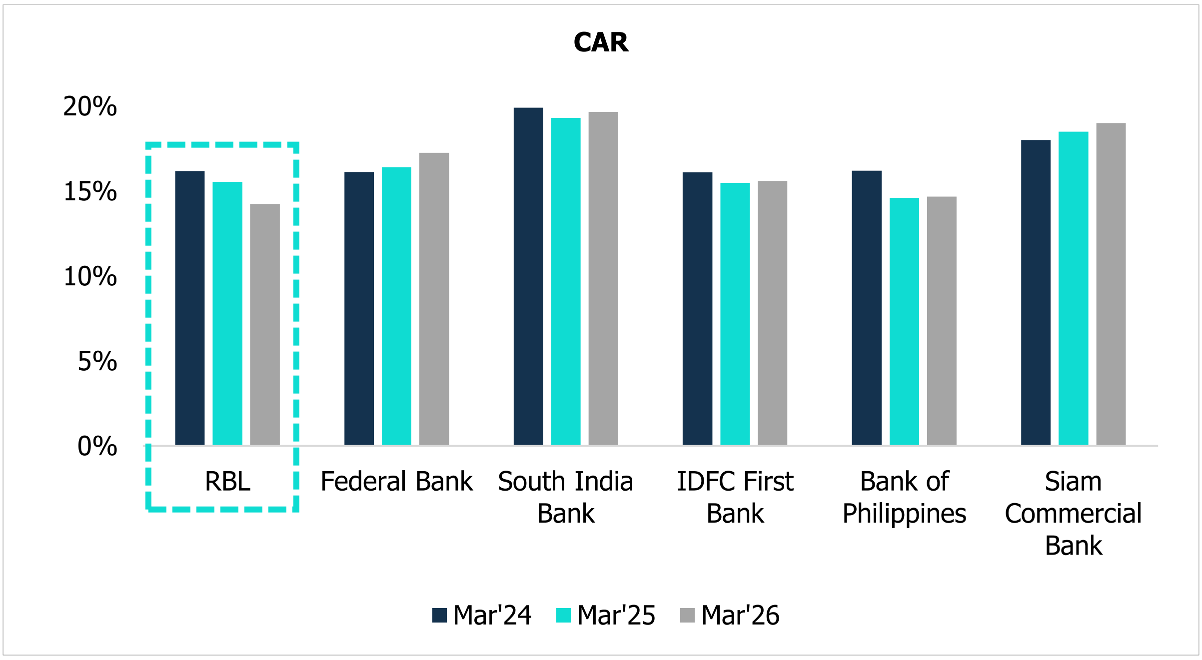
RBL is an Indian private sector bank with more than eight decades of operating history. It provides banking (corporate, institutional, commercial, SME banking, and retail), treasury, and digital payment services. As of June 30, 2026, its advances and deposits totalled Rs 1,162 billion and Rs 1,248 billion, respectively. RBL serves more than 15 million customers through a network of 628 branches, 1,339 business-correspondent branches, and 410 automated teller machine (ATMs) across India's 28 states and union territories. Following ENBD's investment in June 2026, RBL became a subsidiary of ENBD, which holds a 60% stake in the bank.

About ENBD

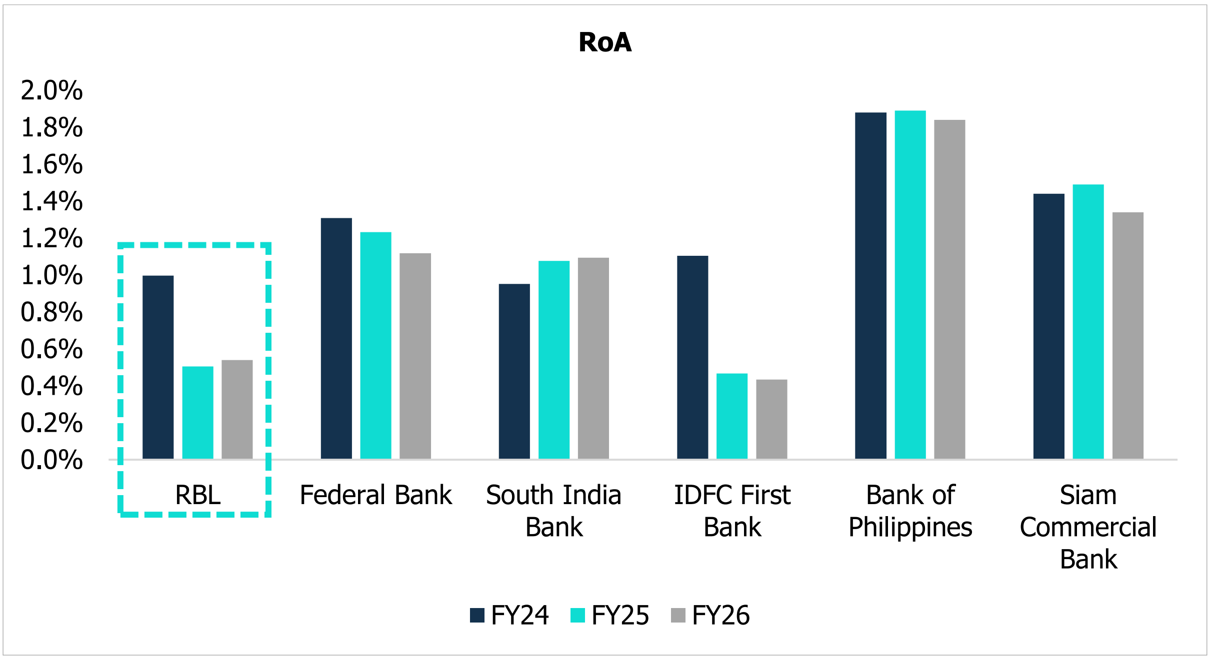
ENBD is a leading banking group in the GCC, with operations across 13 countries including the UAE, Türkiye, Saudi Arabia, Egypt, India, Singapore, and the UK. It had consolidated assets of about USD 360 billion as of June 30, 2026. Its franchise spans corporate and institutional banking, retail and wealth management, and sovereign exposure. ENBD is majority owned by the Government of Dubai through its investment arm.

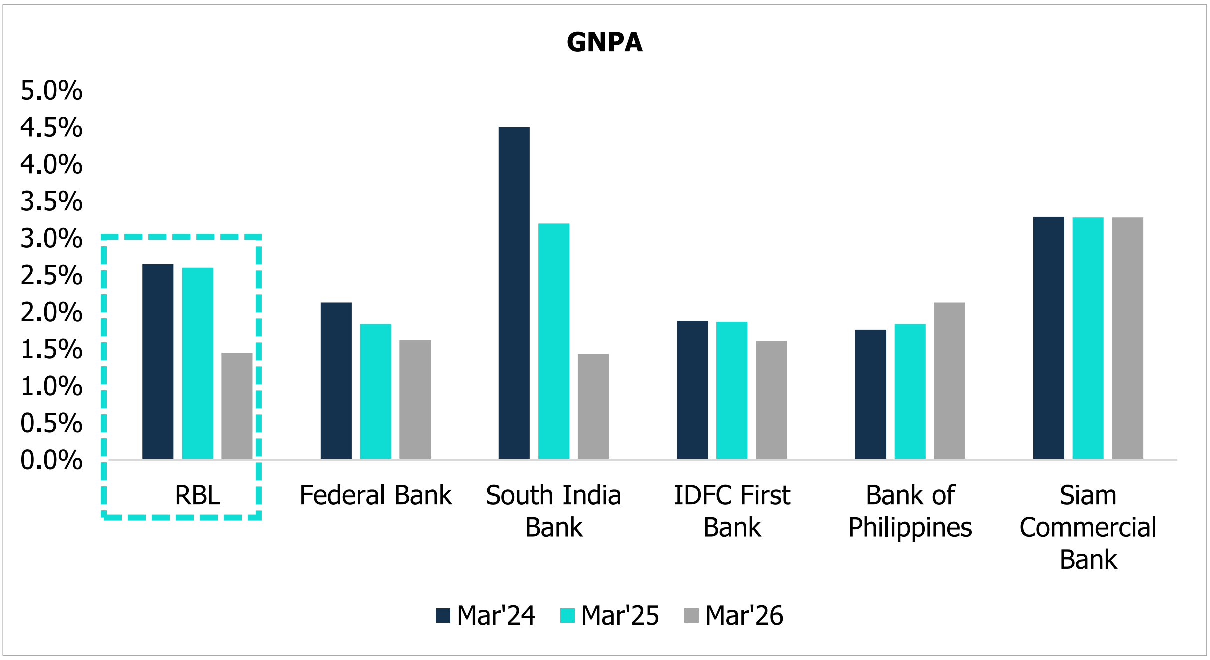
Comparison with other banks[1]





[1] For Bank of the Philippine Islands (BPI) and Siam Commercial Bank (SCB), gross advances pertain to December 2025, GNPAs and CAR relate to December 2023-December 2025, while RoA reflects performance over CY23-CY25. Gross advances have been converted into INR using exchange rates of PHP/INR 1.53 for BPI and THB/INR 2.86 for SCB as of December 31, 2025





Recent updates and financial summary

RBL reported profit after tax of Rs 2.34 billion in the first quarter of FY27, 9% higher YoY. As of June 30, 2026, total loan assets were about Rs 1.16 trillion and customer deposits about Rs 1.25 trillion. Gross and net non-performing asset ratios improved to 1.30% and 0.37%, respectively. CAR increased to 33.3% following ENBD's infusion.

Key summary financial metrics (consolidated)

Particulars	Unit	March 31, 2024	March 31, 2025	March 31, 2026
Total assets	Rs billion	1,378	1,461	1,802
Profit after tax	Rs billion	13	7	9
CAR[2]	%	16.2	15.5	14.2
GNPA[2]	%	2.7	2.6	1.5
NNPA[2]	%	0.7	0.3	0.4
RoA	%	1.0	0.5	0.5

Solicitation status

The rating is solicited. The management has provided information to and held meetings with the CareEdge Global analytical team for the rating.

Details of the instrument

Instrument	ISIN	Date of issuance	Coupon (%)	Maturity date	Issue size	Rating
Euro medium-term notes	-	-	-	-	USD 1 billion	CareEdge BBB+/Stable
Foreign currency notes*	XS3506162687	Sep 16, 2026	5.791	Sep 16, 2031	USD 350 million	CareEdge BBB+/Stable

*senior unsecured debt obligations

Rating history

Instrument	Type	Rating	Date
Foreign currency notes	Long-Term Foreign Currency	CareEdge BBB+/Stable	September 11, 2026
Euro medium-term notes	Long-Term Foreign Currency	CareEdge BBB+/Stable	September 11, 2026
Issuer rating	Long-Term Foreign Currency	CareEdge BBB+/Stable	September 11, 2026
Euro medium-term notes	Long-Term Foreign Currency	CareEdge BBB+/Stable	September 08, 2026
Issuer rating	Long-Term Foreign Currency	CareEdge BBB+/Stable	September 08, 2026

[2] As per reported financials

Criteria applied

CareEdge Global's Group Rating Methodology

CareEdge Global's Financial Institutions Rating Methodology

CareEdge Global's Consolidation Methodology

CareEdge Global's Government Related Entity Rating Methodology

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