

April 1, 2020

The Secretary,
Listing Department,
BSE Limited,
1st Floor, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001
Scrip Code: 540065

The Manager,
Listing Department,
The National Stock Exchange of India Limited,
'Exchange Plaza', C-1 Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400051
Scrip Symbol: RBLBANK

Dear Sir/Madam,

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information in terms of Regulation 8 of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Bank would like to intimate the following:

Highlights for Q4 FY20

Strong Operating Performance

- Strong operating profit trajectory for the quarter, stable QoQ and consequently healthy growth YoY
 - Reflects franchise strength of the Bank and its strong earning capacity despite economic slowdown and shutdown in the last few days
- Net Interest Margin at an all-time high
 - Net Interest Income growth higher than advances and balance sheet growth

Liquidity Position: Comfortable

- LCR healthy, at approx. 127% average for March 2020.
 - Some run-offs of deposits in this quarter (under 8%), since the last quarter. However, reduction essentially in bulk deposits from government entities/corporations
 - Rebalancing on deposit profile; retail deposit proportion and CASA ratio higher sequentially as at March 31,2020
- Cost of deposits and cost of funds lower QoQ

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RBL Bank Limited

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Registered Office: 1st Lane, Shahupuri, Kolhapur - 416001, India I Tel.: +91 231 6650214 I Fax: +91 231 2657386

CIN: L65191PN1943PLC007308 . E-mail: customercare@rblbank.com

- Marginal Standing Facility not utilised

Well Capitalised

- Total capital adequacy ratios of approx. 16% and Tier I of approx. 15%

Advances and Asset Quality: Stable

- As per planned portfolio design, wholesale advances reflecting de-growth and retail advances reflecting healthy growth
- Retail: wholesale advance mix approx. 55:45
- Asset quality position in legacy book consistent with guidance given in Q3 FY20; no material change. Some increase in slippage in SME (wholesale) and retail largely on account of stress and inability to collect in the last few days because of the lockdown. However, overall, we expect lower slippages QoQ
- Expect to increase Provision Coverage Ratio sequentially

Strong Franchise

- Distribution - Added 62 branches in FY20, ending the year at 386 branches
 - Planned number of 400 branches not reached because of the lockdown
 - Expect deposit traction to grow at a healthy pace once restrictions are lifted
 - Branch expansion plans for FY21 is expected to continue as planned
- Added marquee clients in the corporate cash management and digital payments space
- COVID has moved the needle on digital; significant jump in digital transactions and customer interactions

Future Outlook

- Important to focus on balance sheet protection
- Wholesale strategy – continuing consolidation & right sizing within portfolio reflecting the changed economic environment
- Retail strategy - Fundamental demand / growth potential in retail and rural expected to come back ; we are in the right businesses to leverage this
 - Allocating capital to build a new line of secured housing business; Pilot successfully tested
- Focus on operating leverage and concerted cost rationalisation exercise to be carried out
- Partnership mindset is a key strength

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- New business environment with changed customer preferences makes this more important from time to market and business creation
- COVID concerns, safety of employees, employee sensitive schemes and incentives and customer service are the focus in the near term

Management Depth

- Experienced management with considerable depth prepared to address the challenges of a new business environment
- Over the last 10 years has built a solid and credible institution from scratch even through tough economic cycles while maintaining the highest professional standards and strong corporate governance
- Fully committed to develop the institution to the next level
- Well poised to take advantage of opportunities in post COVID environment, for instance rural and urban consumption, digital services, cash management and working capital facilities

Impact of COVID

- COVID continues to be a concern and is an evolving situation
 - Cognizant of the difficulties for customer and employees
- Bank has invoked its Business Continuity Plans (BCP) from the third week of March starting with the partial lockdown in certain states
- Maintaining essential services at branches balancing the safety of our customers and employees
 - Customers are being encouraged to use digital services and visit branches only for critical requirements
 - Quick Response Teams constituted, reporting to senior management with key people addressing various stakeholders
 - Other Bank functions working with a combination of work from home and remote locations in line with BCP

Impact of COVID on Portfolio

Wholesale Advances

- Detailed review of portfolio being undertaken to assess potential impact
- Recent de-bulking exercise has helped significantly reduce concentration risk in the portfolio

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- Exposure to sectors such as aviation, hospitality, transport/logistics, organised retail is low
- Close monitoring of exposures as situation is very fluid

Non-wholesale Advances

Microfinance:

- Collections for March 2020 were largely completed before the lockdown
- Cautious in loan disbursements in March. Shut disbursements early as the lockdown was announced
- Most MFI BC branches currently closed barring a few Banking Outlets
- Negligible COVID issues seen in rural India.
- Customer segment has demonstrated resilience to disruptions & strong bounce back in the past. Loan officers continue to engage with customers to help them counter the difficulties
- EMI deferral moratorium being offered to all customers
- Half our portfolio is originated through our partner BC's with recourse on first loss

Credit Cards:

- Acquisition stopped post the lock down, only digitally sourced cards being booked
 - Volume to return to normal in a couple of months post lockdown
- Spends down to 40% of run rate during the lock down period
 - Spends on groceries, utilities and fuel have shown an increase
 - Overall spends likely to improve on the back of pent up demand as and when the lock down opens
- Expect slight increase in credit costs in March and April as collection not able to function effectively during lockdown
 - Collection machinery expected to run at full strength as and when lock down opens
 - Digital channels deployed for collections – chat and voice bots, payment links etc.
 - 80% of collection tele-calling infrastructure working from home
- Tightening of risk filters to continue as seen in last three quarters
 - Acquisition scorecards tightened – will further cut around 20% volumes; expected to be partly compensated by new opportunities / partnerships

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- Behavioural score capable of predicting customer riskiness
- Limit reduction and balance conversion being actively driven
- Portfolios continuously being monitored on the bureau on a weekly / monthly basis for risk triggers
- Customers conscious of maintaining their bureau scores

Business Loans:

- Portfolio continues to be resilient as of now
 - more than 95% of the portfolio with self-occupied collateral
 - Comfortable LTV's in the 65% range
 - Negligible exposure to stressed sector like tours and travel, entertainment (less than 5%)
- Customers whose business cash flows are impacted by COVID being given the option to opt for the moratorium around EMI deferral
- Tracking this portfolio closely on bureau to pick up deterioration in risk profile
 - Separate collection strategy for such customers

The above information is basis draft financials and is subject to approval by the Board of Directors and audit by the statutory auditors of the Bank. We request you to bring the above to the notice of all concerned.

Thank you.

Yours faithfully,

For **RBL Bank Limited**



Niti Arya

Company Secretary

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