



Investor Presentation

1st Quarter FY 18

July 20, 2017



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ALL FIGURES IN THIS DOCUMENT ARE IN INR CRORE UNLESS MENTIONED OTHERWISE ; 1 CRORE = 10 MILLION

Glossary and Key Notes

Agri	Agribusiness Banking	LAP	Loan Against Property
ARC	Asset Reconstruction Company	MF	Mutual Funds
ATM	Automated Teller Machine	MFII	Microfinance Institution
BBB	Branch & Business Banking	Mn	Million
BC	Business Correspondent	MP	Madhya Pradesh
BCSBI	The Banking Codes and Standards Board of India	MSME	Micro, Small and Medium Enterprises
BFL	Bajaj Finance Limited	NABARD	National Bank for Agriculture and Rural Development
BIL	Business Installment	NFB	Non Fund Based
Bps	Basis Points	NIM	Net Interest Margin
C&IB	Corporate & Institutional Banking	NNPA	Net Non Performing Assets
CAGR	Compounded Annual Growth Rate	NPA	Non Performing Assets
CASA	Current Account and Savings Account	NPCI	National Payments Corporation of India
CB	Commercial Banking	NRI	Non Resident Indian
CBDT	Central Board for Direct Taxes	p.a.	Per Annum
CC	Credit Card	PAR	Portfolio At Risk
CEO	Chief Executive Officer	PCR	Provision Coverage Ratio
CRAR	Capital to Risk Weighted Assets Ratio	PIL	Personal Installment Loan
CSP	Customer Service Point	Q1	3 month period ended June 30 (April 1- June 30)
CSR	Corporate Social Responsibility	Q4	3 month period ended (January 1 - March 31)
DB & FI	Development Banking & Financial Inclusion	QoQ	Quarter on Quarter
DPD	Days Past Due	RBI	Reserve Bank of India
FI	Financial Inclusion	RoA	Return on Assets
FICC	Fixed Income, Currency and Commodity	RoE	Return on Equity
FII	Foreign Institutional Investors	RWA	Risk Weighted Assets
FPI	Foreign Portfolio Investor	S4A	Scheme for Sustainable Structuring of Stressed Assets
FY	12 month period ended March 31	SDR	Strategic Debt Restructuring
GDP	Gross Domestic Product	SLR	Statutory Liquidity Ratio
GNPA	Gross Non Performing Assets	STP	Straight Through Processing
G-Sec	Government Securities	TD	Term Deposits
GST	Goods and Services Tax	UP	Uttar Pradesh
HUF	Hindu Undivided Family	UPI	Unified Payments Interface
IBA	Indian Banks Association	US	United States
INR	Indian Rupee	VCF	Venture Capital Funds
JLG	Joint Liability Group	YoY	Year on Year

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Key Performance Highlights

Consistent Performance on All Parameters

Q1 FY 18 Financial Highlights

- ▶ **Another quarter of strong results supported by YoY Net Interest Income growth of 55%, QoQ growth of 7%**
- ▶ **Core fee growth of 48% YoY, Other Income to Net Total Income at 40%**
- ▶ **Operating Profit growth of 69% YoY , Net profit growth of 45% YoY**
- ▶ **NIM at 3.5% compared to 2.8% in Q1 FY 17 and marginally better than Q4 FY 17**
- ▶ **Advances growth of 40% YoY**
- ▶ **Deposit growth of 37% and CASA growth of 64% YoY**
- ▶ **Net NPA at 0.81%, up from 0.66% in Q1 FY 17; Credit Costs at 31 bps (same as in previous quarter), up from 19bps in Q1 FY 17**



RBL Vision 2020

We Are on Track to Meet / Exceed Vision 2020 Goals

	RBL Vision 2020 (Post IPO/Sept 2016)	Actual Q1 18
Advances	30-35% CAGR	40%
CASA Ratio	0.75 - 1% increase every year	FY 16: 18.6% Q1 18: 22.1%
Other Income %	~ 1/3 rd of Net Total Income	40.4%
Operational Efficiency	Cost/Income ratio of 51% - 52% by 2020	FY 16: 58.6% Q1 18: 51.0%
Return Ratios	~ 1.50% RoA by 2020	FY 16 : 0.98% Q1 18: 1.19%

Key Initiatives of Vision 2020



Technology

Leveraging technology to acquire, engage and service clients



Distribution

Enhancing distribution through a combination of owned branches, BCs, Customer Service Points ('CSPs')



Platforms

Creation of Transaction and Payment platforms that leverage changes in ecosystem driven by Aadhaar, UPI, IndiaStack, GST etc.



Cross-sell

Enhancing cross-sell across all businesses



Mass Banking

Increase presence in 'Mass Banking' - internal efforts, partnerships and acquisitions

Our Fundamentals Have Resulted in Strong Performance Each Quarter



1. One of India's Fastest Growing Private Sector Banks

2. Robust Corporate Governance Framework as well as Experienced Management Team

3. Focus on Effective Risk Management and Asset Quality

4. Focus on Operational Quality and Scalability

5. Leveraging Partnerships and Technology for Creating Customer Centric / Multi-channel Solutions



Financial Performance

Strong Profitability Momentum Continues

Parameter	Q1 18	Q1 17	YoY	Q4 17	QoQ	FY 17
Net Interest Income	378	245	55%	352	7%	1,221
Other Income	257	168	53%	237	9%	755
Net Total Income	635	412	54%	589	8%	1,977
Operating Profit	311	184	69%	282	11%	920
Net Profit	141	97	45%	130	8%	446

Parameter	Q1 18	Q1 17	Q4 17	FY 17
Other Income/Total Income	40.4%	40.6%	40.2%	38.2%
Cost/Income	51.0%	55.2%	52.1%	53.4%
CRAR	13.4%*	12.3%*	13.7%	13.7%
Net Interest Margin	3.54%	2.80%	3.52%	3.29%
Credit Cost/Advances (bps)	31**	19**	31**	87

* including interim profits; ** Not Annualized

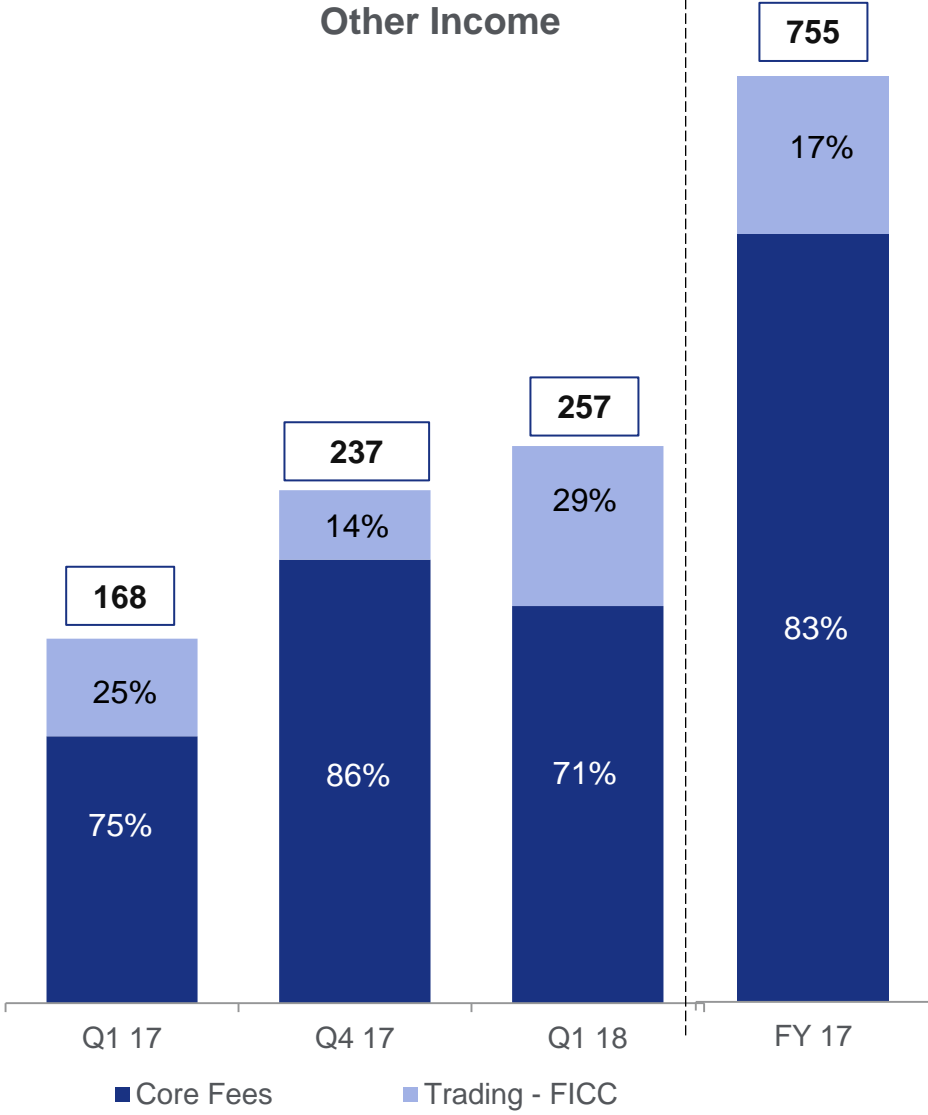
Strong Growth in Advances; NPA increase due to One-off Event

Parameter	Q1 18	Q1 17	YoY	Q4 17	QoQ
Advances	31,108	22,265	39.7%	29,449	5.6%
Deposits	35,428	25,803	37.3%	34,588	2.4%
Investment	13,360	12,547	6.5%	13,482	-0.9%

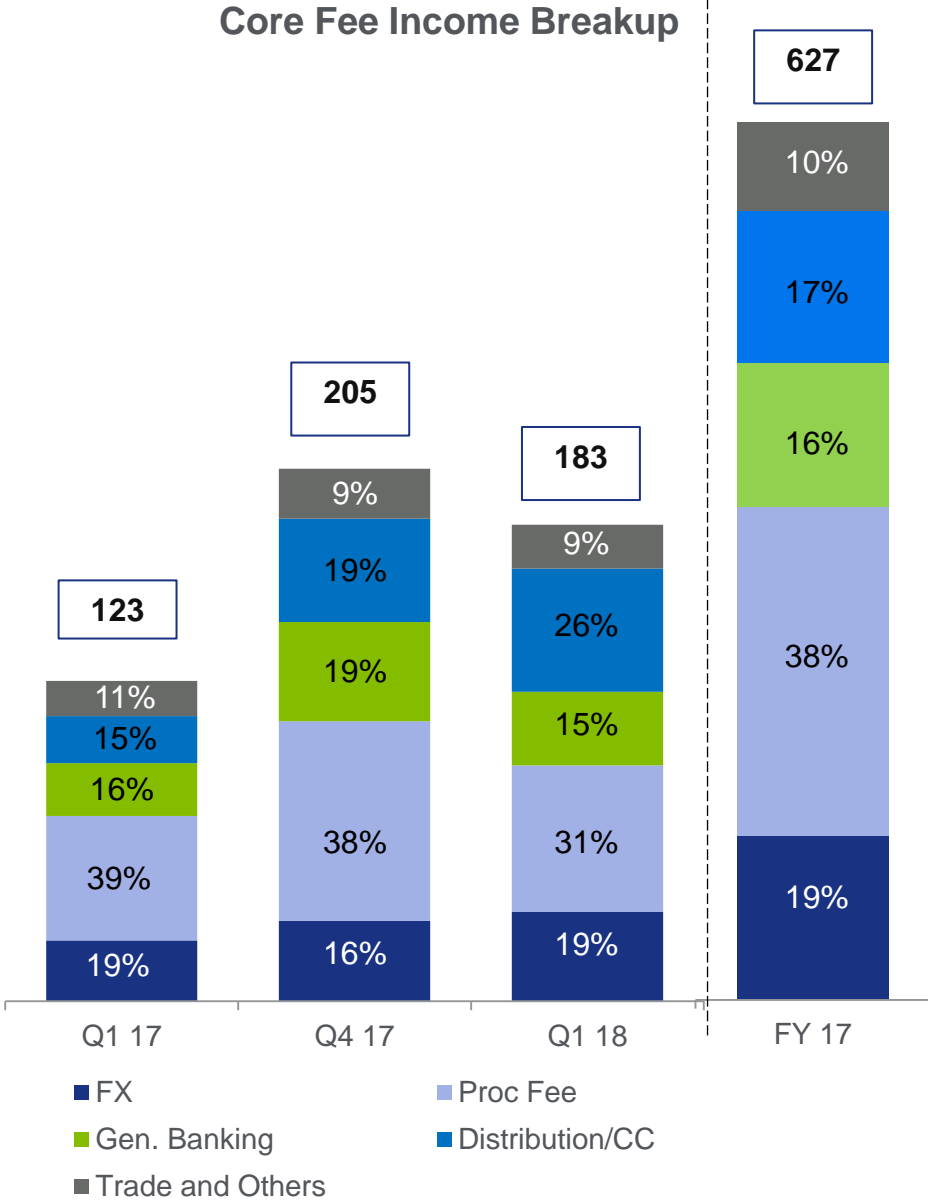
Parameter	Q1 18	Q1 17	Q4 17
CASA	22.09%	18.47%	21.98%
GNPA	1.46%	1.13%	1.20%
NNPA	0.81%	0.66%	0.64%
PCR	57.99%	54.70%	59.58%
RoA	1.19%	1.02%	1.20%
RoE	12.68%	12.69%	12.29%

Well Diversified Other Income Profile

Other Income

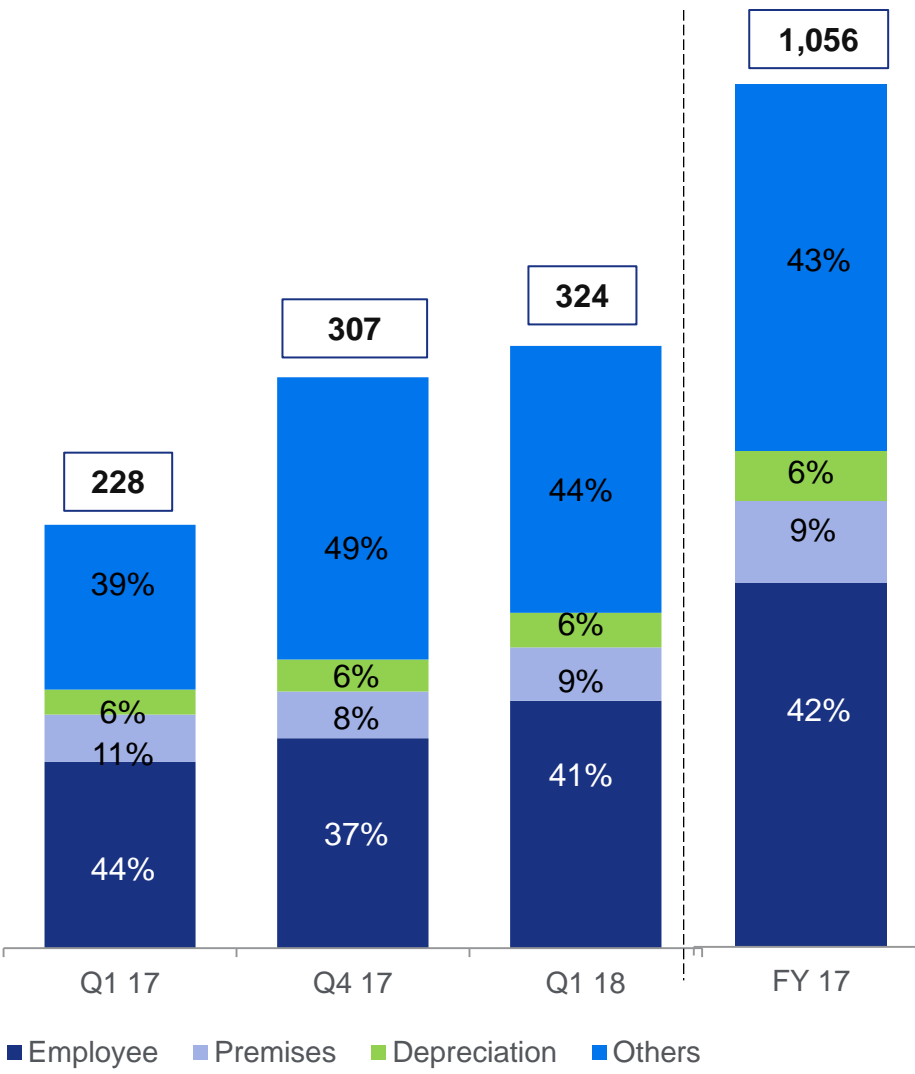


Core Fee Income Breakup

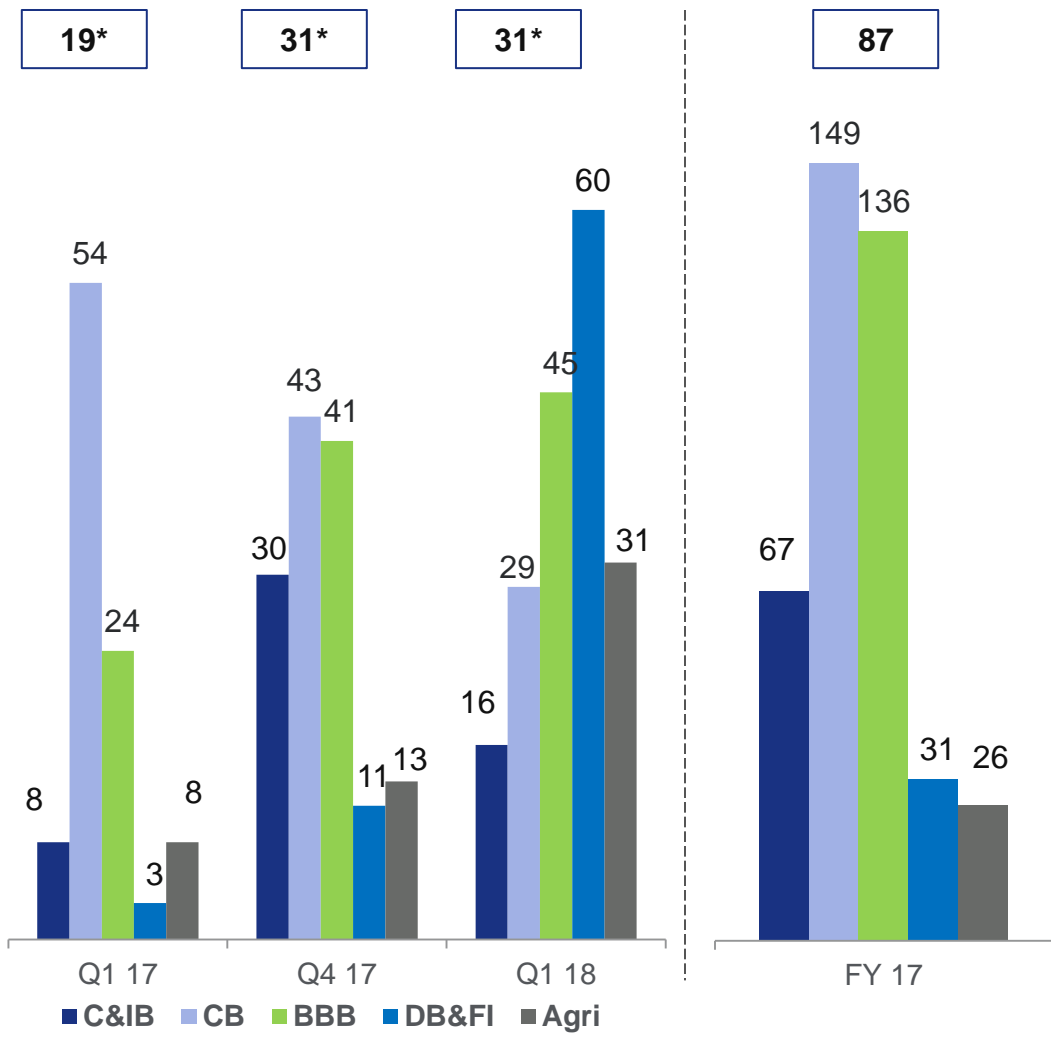


Stable Cost Metrics

Operating Expenses



Credit Cost by Business (bps)



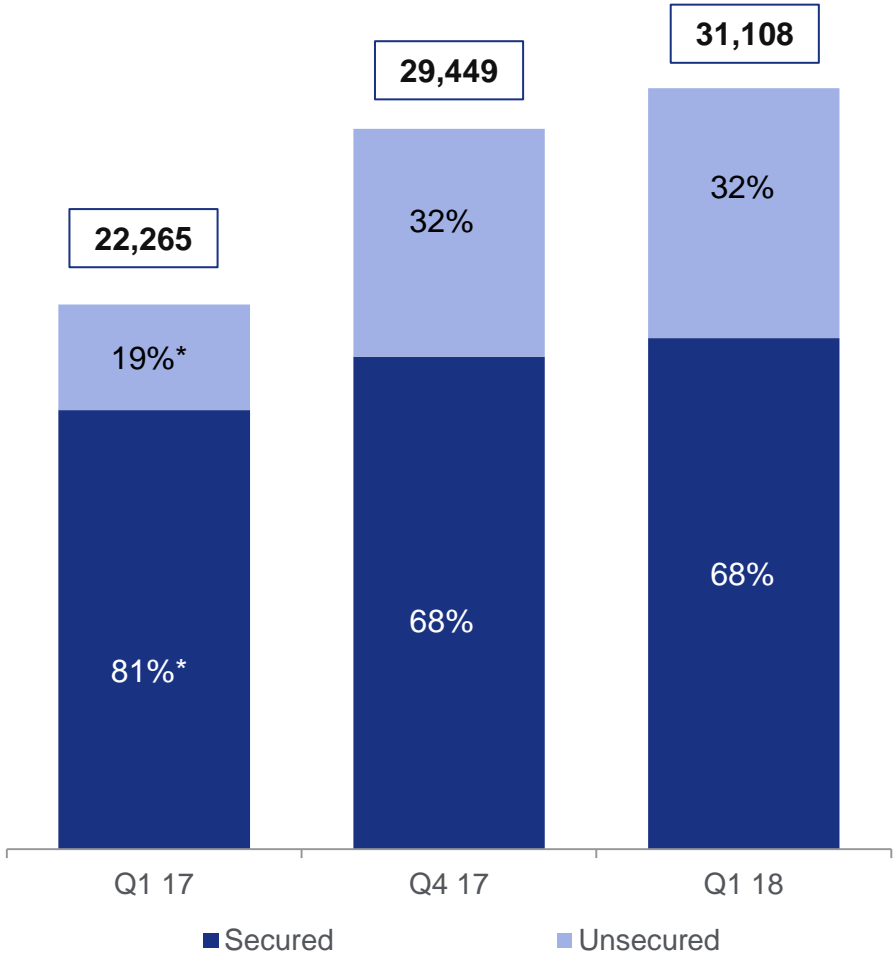
* Not Annualized for the bank or at individual segment level for the quarter

Increasing Non-Wholesale Advances Helping NIMs

	Q1 18	Q1 17	YoY	Q4 17	QoQ	Yield Q1 18	Proportion
C&IB	13,079	8,874	47%	12,339	6%	Wholesale 9.20% (10.19%)	60%
CB	5,466	4,652	18%	5,510	-1%		
Wholesale	18,545	13,526	37%	17,849	4%		
BBB	6,101	3,733	63%	5,370	14%	Retail 12.82% (13.39%)	40%
DB & FI	4,196	3,172	32%	4,121	2%		
Agri	2,266	1,834	24%	2,109	7%		
Non-Wholesale	12,563	8,739	44%	11,600	8%		
Total	31,108	22,265	40%	29,449	6%	Q1 17 yields in brackets	

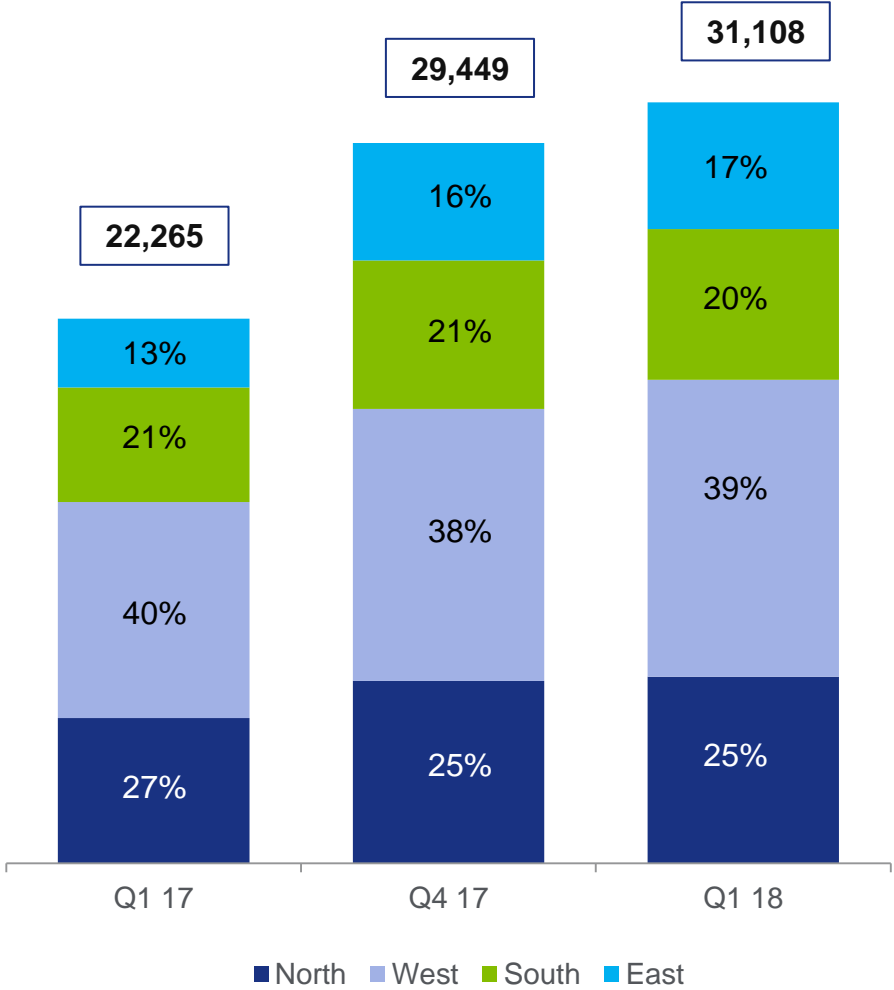
Greater Asset Diversification

Break up of advances - Secured/Unsecured



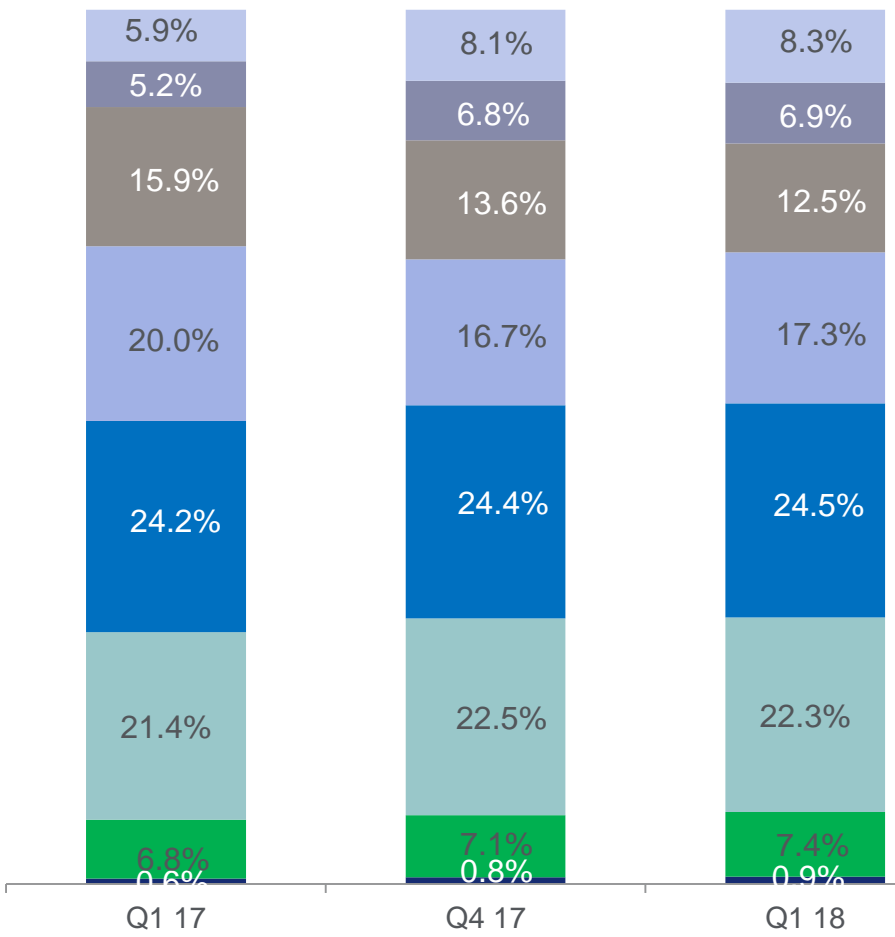
*Not comparable with other periods due to change of method in March 2017

By Geography



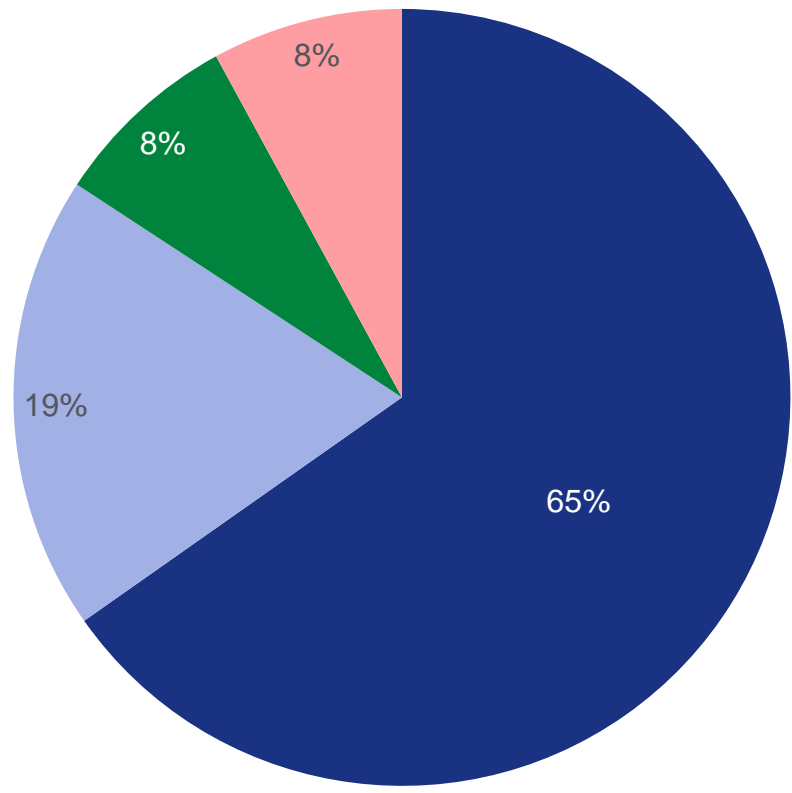
Stable Borrowers' Rating Profile and Tenor of Advances

Breakup of rated exposures



■ BB & BELOW ■ BB+ ■ BBB-
■ BBB ■ A-/BBB+ ■ A+/A
■ AA- ■ AAA/AA+/AA

Tenor of Advances (Q1 18)



■ < 1 Y ■ 1 - 3 Years ■ 3 - 5 Years ■ 5 + Years

Well Diversified Industry Exposure & Growing NFB Exposure

Top 10 industry exposures*

Industry	Exposure	FB-NFB Split	% of Exposure
Construction	2,925	46:54	5.4%
Retail/Distribution	2,889	77:23	5.4%
Pharma	2,437	79:21	4.5%
Power	2,330	67:33	4.3%
Real Estate	2,295	98:2	4.3%
Professional Services	2,046	77:23	3.8%
Engineering	1,933	58:42	3.6%
Metals	1,246	48:52	2.3%
Oil & Gas	1,156	8:92	2.1%
Fertilizer	1,057	38:62	2.0%

* As of June 30, 2017 excluding cash-backed exposures

Non Fund Based Book

Particulars	Q1 18	Q4 17	Q1 17
Guarantees	7,725	7,548	5,800
Letter of Credit	1,093	910	754
Acceptances, Endorsements and other Obligations	877	840	658

Strong Asset Quality in Turbulent Times

	Q1 18	Q1 17	FY 17
Movement of Gross NPAs			
Opening Balance	357	208	208
(+) Additions during the period	152	68	533
(-) Upgrade	12	13	13
(-) Recoveries	5	5	303
(-) Write Offs	35	5	69
Closing Balance	458	253	357
Gross NPA (%)	1.46%	1.13%	1.20%
Net NPA	250	148	190
Net NPA (%)	0.81%	0.66%	0.64%
Provisioning Coverage Ratio (PCR) (%)	57.99%	54.70%	59.58%
Slippage Ratio	2.07%	1.28%	2.51%
Restructured %	0.24%	0.09%	0.25%
Total Stressed Assets%	1.70%	1.22%	1.45%

- **Net Security Receipts as a percentage of total assets at 0.02% down from 0.03% in June 2016**
- **No ARC sale or instance of SDR during the quarter**
- **No 5:25 Refinancing or S4A case done by the bank**

— Gross NPA by business segment —

Business segment	Q1 18	Q1 17	FY 17
C&IB	103.0	26.6	103.8
%	0.78%	0.30%	0.84%
CB	143.8	158.9	138.9
%	2.60%	3.42%	2.53%
BBB	86.5	47.2	76.3
%	1.41%	1.26%	1.42%
LAP	15.3	6.1	19.9
BIL	19.7	5.6	15.9
PIL	5.7	1.3	4.3
Cards	14.4	6.9	9.8
Others	31.5	27.3	26.4
Agri	23.4	10.18	18.1
%	1.03%	0.56%	0.86%
DB&FI	101.2	9.8	19.7
%	2.39%	0.31%	0.48%
Total	457.8	252.6	356.8
Total (%)	1.46%	1.13%	1.20%

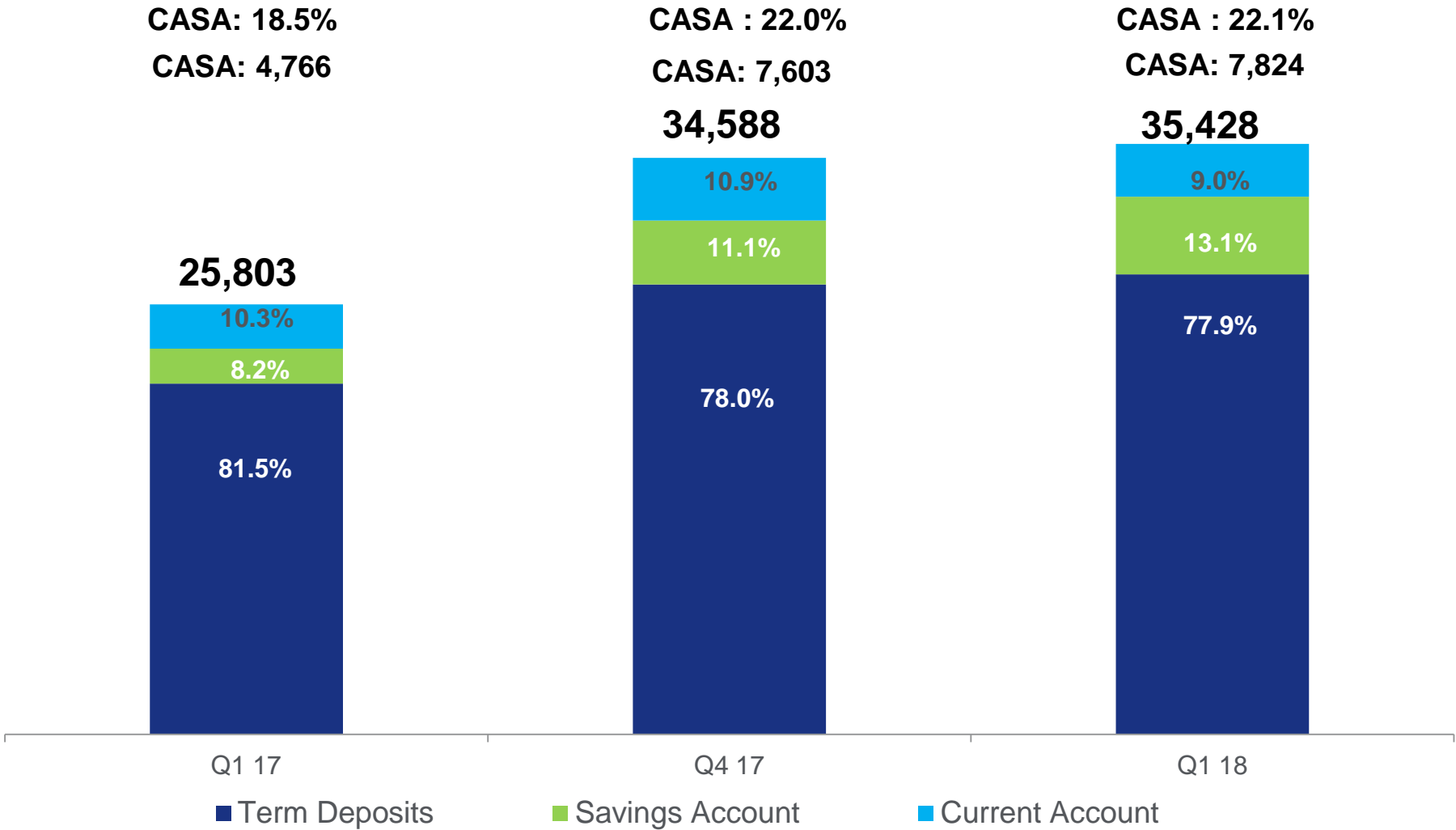
Capital Adequacy - Well Capitalized to Support Growth

Particulars	Q1 18	Q1 17	Q4 17
Tier 1 Capital Funds*	4,375	3,083	4,231
Tier 2 Capital Funds	879	496	867
Total Capital Funds	5,253	3,579	5,097
Total RWA	39,261	29,072	37,155
Tier 1 CRAR*	11.1%	10.6%	11.4%
Total CRAR*	13.4%	12.3%	13.7%
RWA/Total Assets	80.2%	75.5%	76.3%

* CRAR and Tier 1 Capital Funds for interim financial periods has been computed after adding interim profit for better comparison

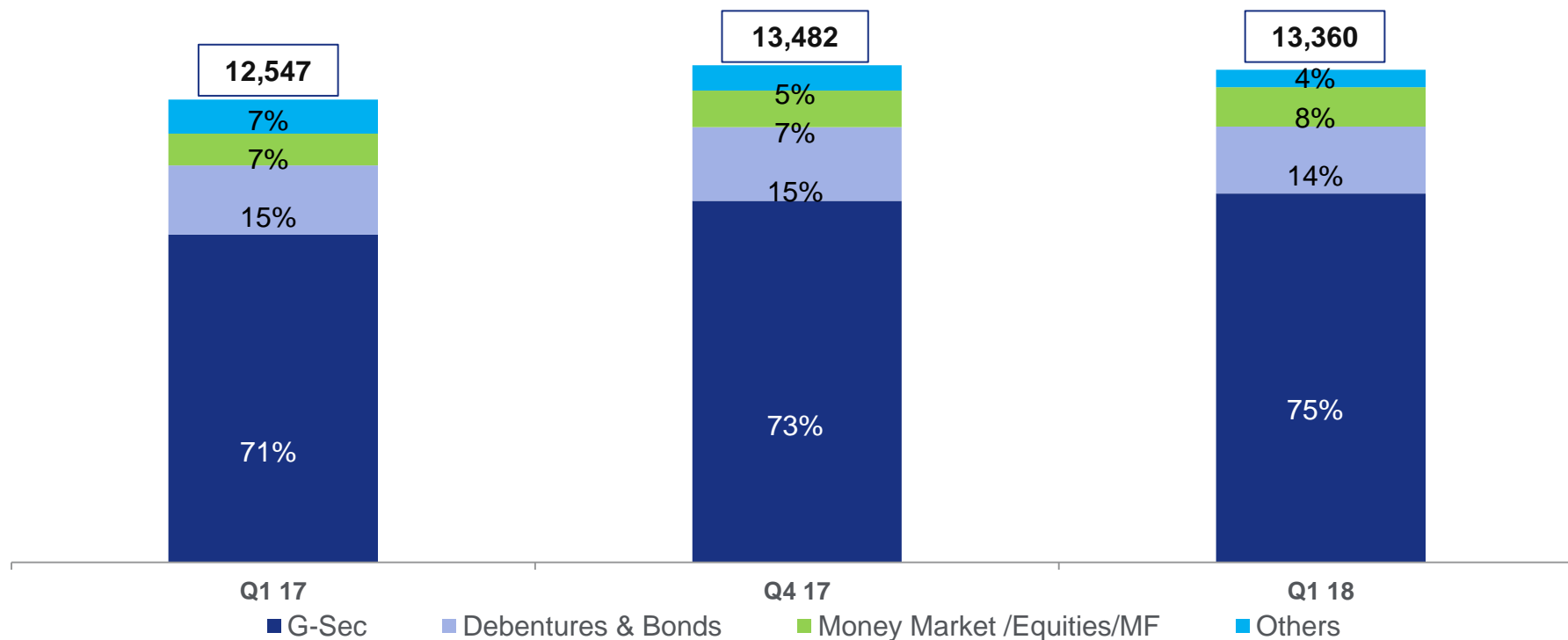
Sustained Growth in Deposits, Led by CASA

64% yoy growth in CASA, while total deposits grew by 37%



Maintained Investment yield with Improving Liquidity Profile

Investment Breakup

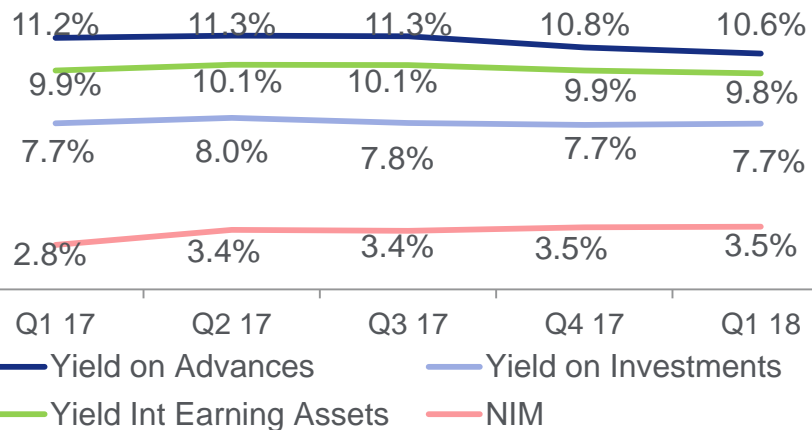


Yield

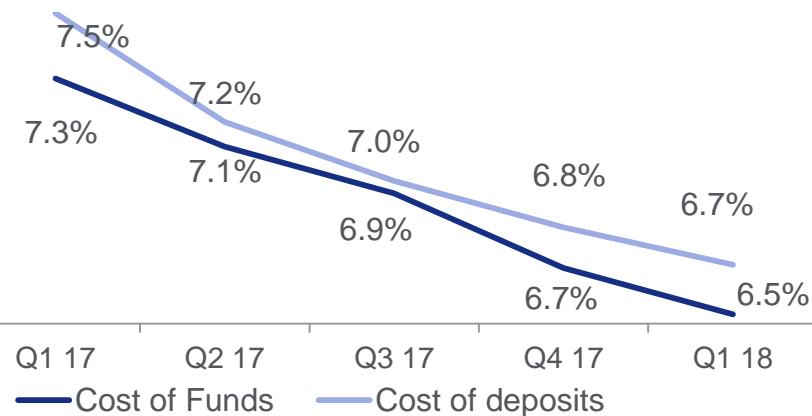
Yield	Q1 18	Q4 17	Q1 17	FY 17
Total Investments	7.7%	7.7%	7.7%	7.8%
SLR	7.6%	7.4%	7.4%	7.5%
Non SLR	8.0%	8.2%	8.5%	8.5%

Improving NIM, Cost and Return Ratios

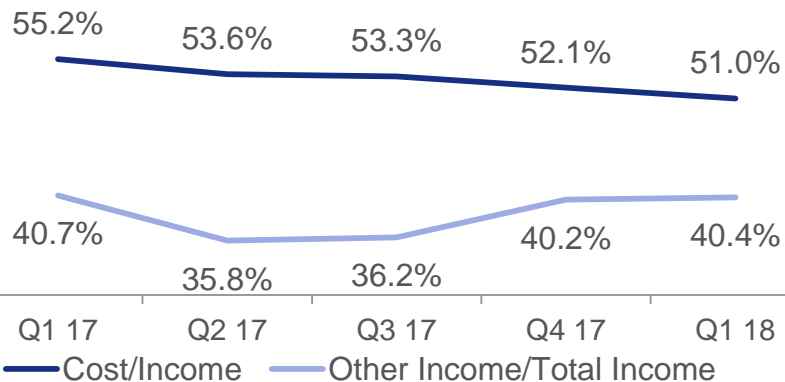
Quarterly Yields



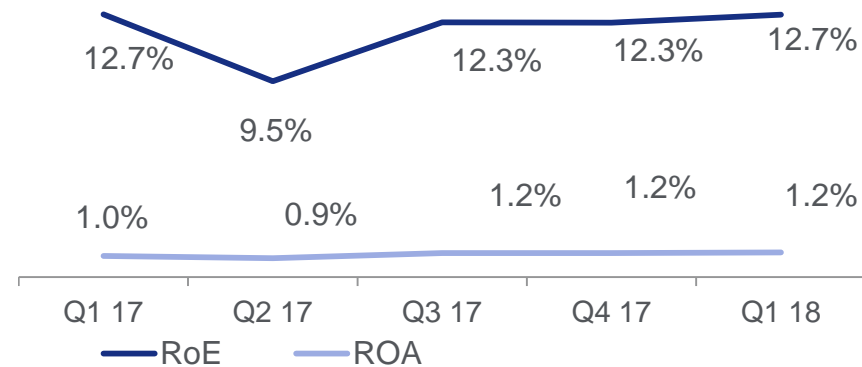
Cost of Funds, Deposits



Cost/Income & Other Income/Total Income



Return Ratios





Awards & Recognition

Awards and Recognitions during the quarter



Awarded the 'Best Growing Small Bank' by Business World!



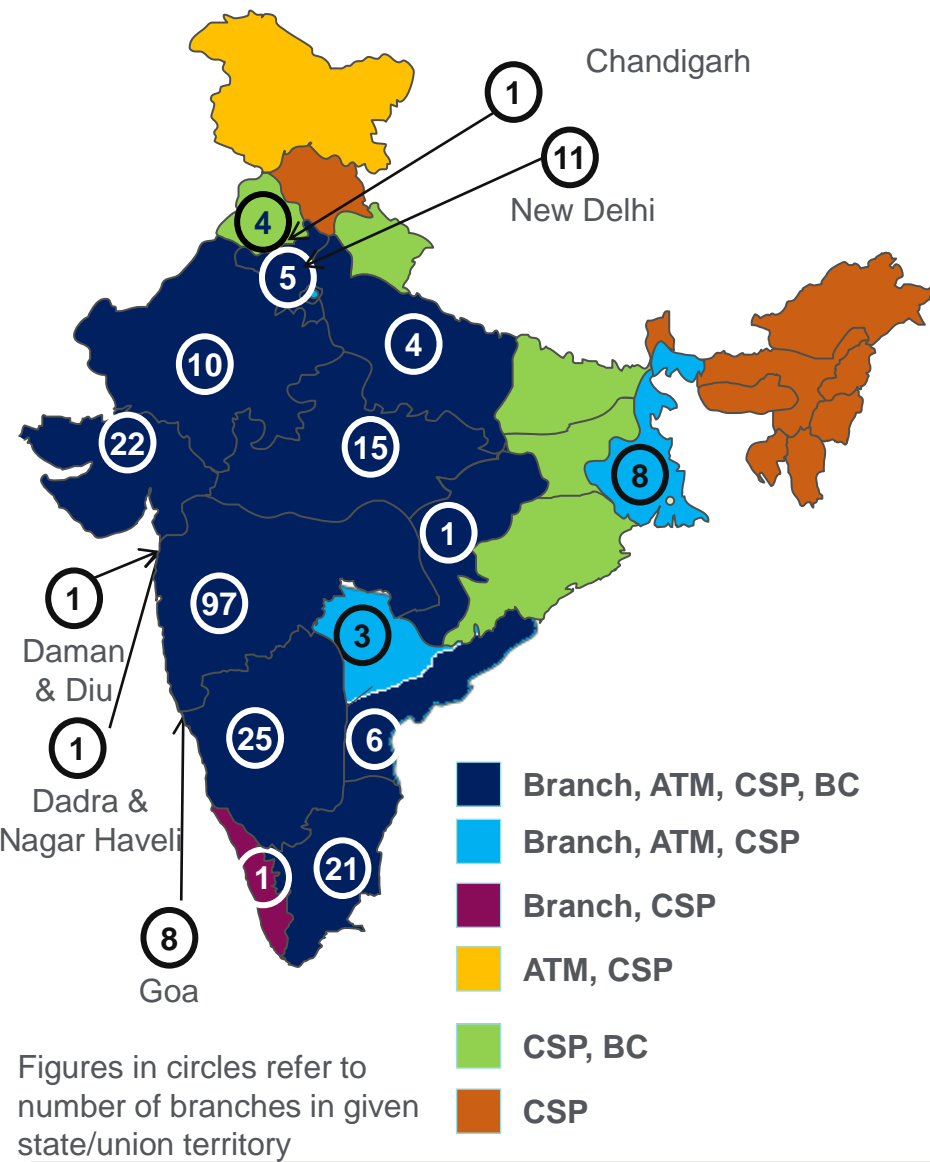
Received the joint highest rating in BCSBI Code Compliance Rating-2017



Distribution Network

Our Growing & Multi-Layered Distribution Network

Locations



Customers (Mn.)



Channel Breakup

Channels	Number of transaction points		
	Q1 18	Q4 17	Q1 17
Branch	244	239	199
Metro	82	78	57
Urban	41	40	32
Semi-urban	67	68	63
Rural	54	53	47
BC Branches	626 [#]	568	377
Microbanking	510	497	361
MSME	106	71	16
CSPs	67,696	57,614	40,899
ATMs	387	375	370

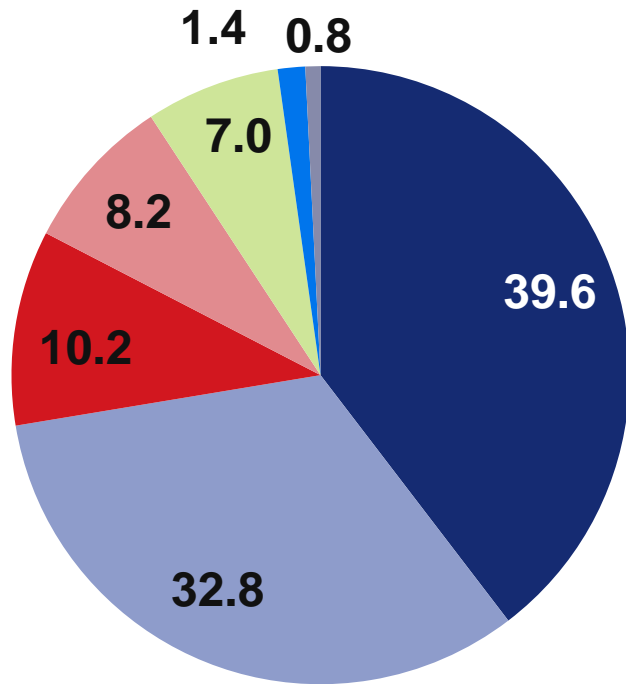
Of these, 151 branches have been classified as 'Banking outlets'



Shareholding Pattern & Ratings

Diversified Shareholding & Strong/Improving Rating Profile

Shareholding by category (%)

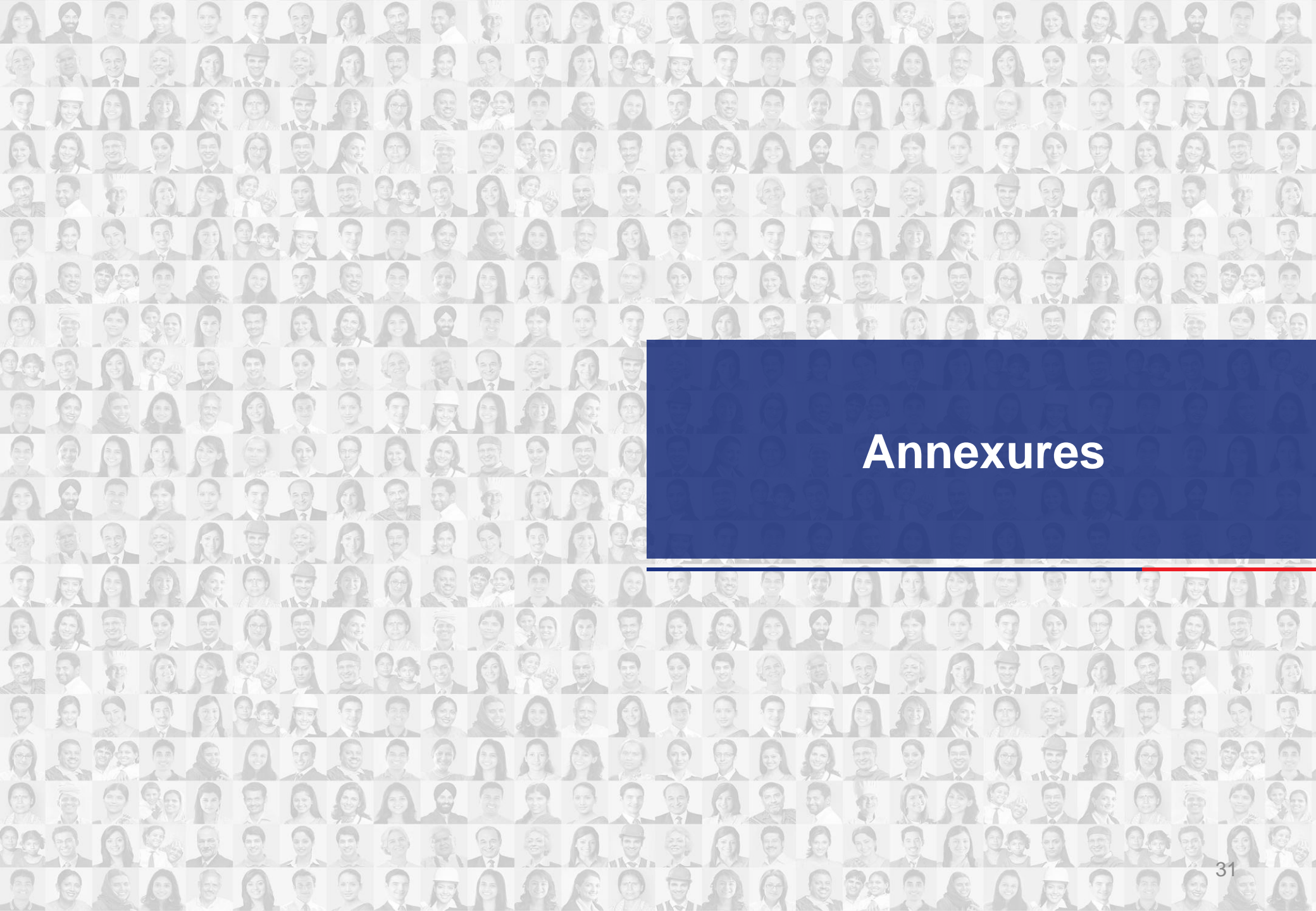


- Individual/HUFs
- FPI
- VCF/MFs
- Others
- Foreign Corporates
- Body Corporates
- NRIs

Total Foreign holding – 44.4%.
Approved limit – 74%

Ratings

Instrument	Rating by ICRA	Limits (Rs. Cr.)	Implication
Basel III compliant Tier II bonds	A+ hyb with a positive outlook	800	Instruments rated in this category are considered to have high degree of safety regarding timely servicing of financial obligations
Certificate of Deposits	A1+	3,000	The lowest short term credit Risk
Fixed (Term) Deposits	MAA- with a positive outlook		Low Credit Risk



Annexures

Professional and Experienced Leadership Team

Board of Directors



Mr. Vishwavir Ahuja

Managing Director and CEO

Previously, Managing Director & Country Executive Officer of Bank of America for Indian Sub-continent



Mr. Palepu Sudhir Rao

Independent Director

Currently, Associated with a Number of Corporates including Aditya Birla Money Ltd and Radhakrishna Foodland Pvt Ltd



Mr. Narayan Ramchandran

Chairman

Previously, CEO and Country Head of Morgan Stanley, India



Ms. Rama Bijapurkar

Independent Director

Wide Experience in Market Research, Market Strategy and Management Consulting



Mr. Girish Godbole

Independent Director

Involved in Micro Finance and rural sectors



Mr. Sivanandhan Dhanushkodi

Independent Director

*Currently, Part-Time Security Advisor to RBI
Previously, Director General of Police, Maharashtra*



Mr. Jairaj Purandare

Independent Director

Previously, Regional Managing Partner of PWC



Mr. Vimal Bhandari

Independent Director

Director, Indostar Capital Finance Limited



Mr. Prakash Chandra

Independent Director

Previously, Chairman of Central Board of Direct Taxes (CBDT)



Mr. Ishan Raina

Independent Director

Previously, Founder of Out of Home (OOH) India, Associated with J. Walter Thompson (JWT) and Lintas Advertising



Mr. Rajeev Ahuja

Executive Director

Previously, associated with Citibank India, Bank of America, India and Bankers Trust Company

Professional and Experienced Leadership Team (Contd.)

Experienced and Professional Management Team



Mr. Vishwavir Ahuja

Managing Director and CEO

Managing Director & Country Executive Officer of Bank of America for Indian Sub-continent from 2007-2009

(35)



Mr. Rajeev Ahuja

Executive Director

Previously, associated with Citibank India, Bank of America, India and Bankers Trust Company

(31)



Mr. R. Gurumurthy

Head - Governance, Risk & Control

Previously, associated with Standard Chartered Bank, Bank of America, Credit Lyonnais and State Bank of India with leadership roles in India and Asia-Pacific region

(32)



Mr. Andrew Gracias

Head - Financial Markets

Previously, associated with Bank of America and UBS

(22)



Mr. Brijesh Mehra

Head – Corporate, Institutional & Transaction Banking

Previously, Country Manager, Royal Bank of Scotland N.V. and prior to that associated with Grindlays Bank Public Limited Company

(31)



Mr. Naresh Karia

Chief Financial Officer

Previously, associated with Citibank N.A., India and International Bestfoods

(20)



Mr. Harjeet Toor

Business Head – Microbanking, Credit Cards, Retail & MSME Lending

Previously, associated with Bank of America, ABN AMRO Bank and Fullerton India Credit Company

(23)



Mr. Vincent Valladares

Head - Commercial Banking

Previously, Middle East Head – Commercial Banking, Citibank

(20)



Mr. Surinder Chawla

Head – Geography, Branch and Business Banking

Previously, associated with Standard Chartered Bank, ABN Amro Bank and HDFC Bank

(25)



Mr. Manoj Rawat

Head - Agri Business

Previously, associated with NABARD and Fullerton India

(21)

Figures in brackets are years of work experience in financial services

Professional and Experienced Leadership Team (Contd.)

Experienced and Professional Management Team (Cont'd)



Ms. Shanta Vallury
Head - HR, CSR & Internal Branding
Previously, Vice President of Acquisitions and Partnerships Division in American Express Bank Ltd (Gurgaon) (25)



Mr. Rana Vikram Anand
Head – Segments and Products, Branch & Business Banking
Previously, associated with Royal Bank of Scotland (25)



Mr. Sanjay Sharma
Head – Technology, Innovation and Customer Fulfilment
Previously, associated with IDBI Intech (26)



Mr. Bhavtaran Singh (Sunny) Uberai
Chief of Staff and Head - Change Management and Service Delivery
Previously, associated with ABN Amro Bank and Arete Financial Partners, Singapore (32)



Mr. Bhaskar Niyogi
Head – Enterprise Risk & Policy
Previously, Chief General Manager at State Bank of India (40)



Ms. Neeta Mukherji
Chief Credit Officer
Previously, associated with ICICI Bank, Asset Reconstruction Company (India) and GE Capital (28)

Figures in brackets are years of work experience in financial services

Profit & Loss Statement

Particulars	Q1 18	Q1 17	Q4 17	FY 17
Income				
Interest Earned	1043	864	986	3,713
Interest Expended	664	619	634	2,492
Net Interest Income	378	245	352	1,221
Other Income	257	168	237	755
Total Income	635	412	589	1,977
Expenditure				
Operating Expenses	324	228	307	1,056
Employee Cost	133	100	113	446
Premises Cost	29	25	25	99
Depreciation	19	13	17	62
Other Operating Expenses	143	89	152	449
Operating Profit	311	184	282	920
Provisions	94	43	82	239
On advances	90	39	83	197
On others	4	4	-1	41
Profit Before Tax	217	142	200	681
Tax	76	45	70	235
Profit After Tax	141	97	130	446

Balance Sheet Statement

Particulars	Q1 18	Q1 17	Q4 17
<u>Liabilities</u>			
Capital	377	329	375
Reserves and Surplus	4,113	2,784	3,960
Deposits	35,428	25,803	34,588
Borrowings	7,202	8,288	7,980
Other Liabilities	1,832	1,287	1,771
Total	48,952	38,490	48,674
<u>Assets</u>			
Cash & Balances with RBI	1,870	1,205	2,948
Balances with other banks	997	1,355	1,246
Investments (Net)	13,361	12,547	13,482
Advances (Net)	31,108	22,265	29,449
Fixed and Other Assets	1,617	1,118	1,550
Total	48,952	38,490	48,674

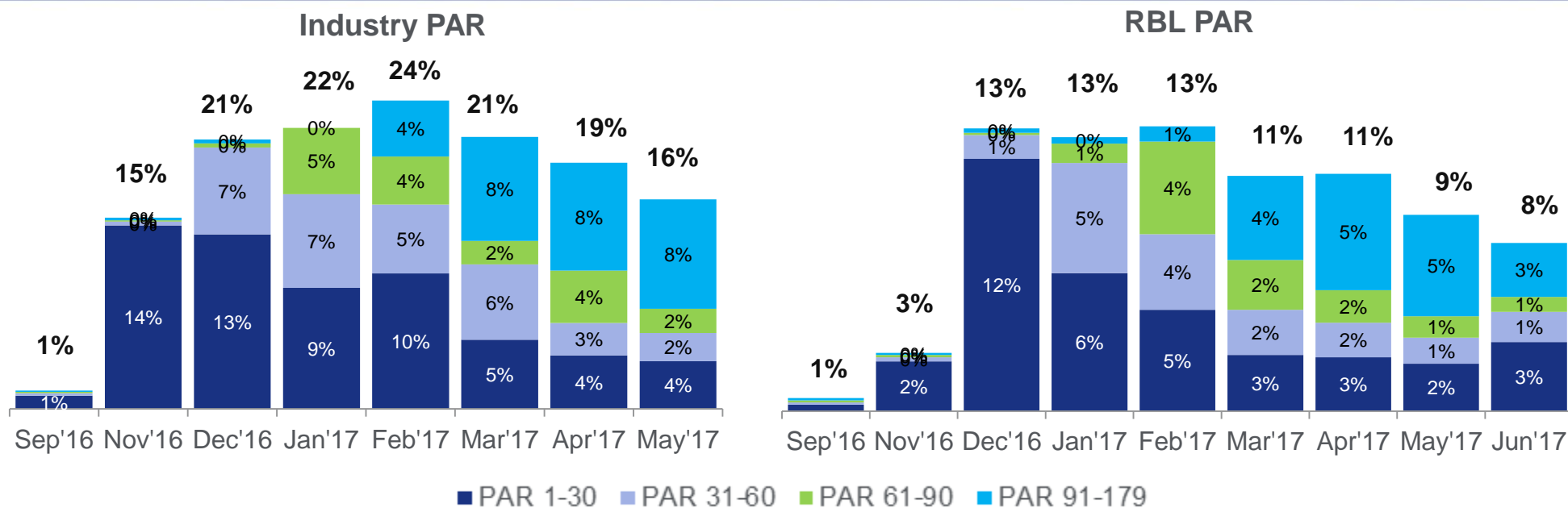
Our Recent History

Particulars	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	Q1 18
Net Worth	349	1,075	1,131	1,594	2,012	2,224	2,960	4,242	4,490
Deposits	1,585	2,042	4,739	8,341	11,599	17,099	24,349	34,588	35,428
Advances (Net)	1,170	1,905	4,132	6,376	9,835	14,450	21,229	29,449	31,108
Investments (Net)	507	893	2,334	5,571	6,518	9,792	14,436	13,482	13,361
Net Profit	19	12	66	93	93	207	293	446	141
CRAR (%)	34.1	56.4	23.2	17.1	14.6	13.1	12.9	13.7	13.4*
Gross NPA (%)	2.33	1.12	0.80	0.40	0.79	0.77	0.98	1.20	1.46
Net NPA (%)	0.97	0.36	0.20	0.11	0.31	0.27	0.59	0.64	0.81
Business per employee	3.9	4.4	6.7	7.9	7.7	9.1	11.8	13.1	12.8
No. of employees	704	907	1,328	1,859	2,798	3,465	3,872	4,902	5,194
Return on Assets (%)	1.05	0.53	1.33	1.05	0.66	1.02	0.98	1.08	1.19
Return on Equity (%)	5.4	1.7	5.9	6.73	5.44	9.58	11.32	11.67	12.68



Microfinance Update

Microfinance Industry Outlook



Note : The industry figures reported by Equifax are only for PAR between 1-179 dpd. Customers with PAR greater than 180 days are not shown. We expect the Total May'17 PAR (1 – 455) for industry to be around 19% (vs. 16.1%) and corresponding number for RBL in Jun'17 would be 9.8% (vs. 8%).

Industry update:

- Maharashtra and specific districts in North Karnataka & Central MP continue to show low recoveries as customers refusing to pay on promise of waiver. Other markets have returned back to normal.
- Farm loan waivers have so far not shown any negative impact
 - Not applicable for JLG loans. Moreover, only a third of the loans are towards agriculture
 - Customers are realizing that they have been misled
- Early recovery signs seen in some of the impacted districts. Customers will require rehabilitation as they don't have monies to clear 5-6 pending installments
- RBL Bank PAR continues to be lower than the industry average

Learning's & way ahead

- Microfinance market would continue to show growth and provide attractive profit pools. However, industry will now be dominated by Banks (incl. SFB's) – 65% of the markets is now with banks.
- Few players with national footprint and scale will dominate the market. Geographical / product diversification will be critical, which would be a challenge to the regional small MFI model.
- We are modifying our operating model in line with learning post demonetization
 - *Vintage customers will graduate to individual loans*
 - *We would work towards deepening customer relationships and engagement across other banking products to mitigate against group mentality in adverse times.*
 - *Data and analytics will influence decisions on product offering, quantum of lending, collection strategies, and sophisticated risk models*
- We expect this business to continue to be the most profitable way of addressing this customer segment
- Episodic political risk will always exist – only way to manage it would be to build enough provisioning cushion, diversify the portfolio and increase engagement and stickiness with the customer.
- Our business model will account for absorption of loss provisions of around 1.5%-2.0% p.a., over the business life cycle as against a historical average of around 0.4% p.a.

Thank you

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