

Bank of Baroda

September 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Certificate of deposit	20,000.00	CARE A1+	Assigned
Tier-II bonds ^{&}	500.00	CARE AAA; Stable	Reaffirmed
Tier-II Bonds ^{&}	450.00	CARE AAA; Stable	Reaffirmed
Tier-II bonds ^{&}	400.00	CARE AAA; Stable	Reaffirmed
Tier-II bonds ^{&}	2,000.00	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

[&]Tier-II Bonds under Basel-III are characterised by a 'point of non-viability' (PONV) trigger, due to which the investor may suffer a loss of principal. The PONV will be determined by the Reserve Bank of India (RBI), and is a point at which, the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations, and thus, enable it to continue as a going concern. In addition, the difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier-I (CET I) capital of the bank should be considered the most appropriate way to prevent the bank from turning non-viable.

Rationale and key rating drivers

Ratings assigned to the short-term instruments and reaffirmation of ratings assigned to long term instruments of Bank of Baroda (BOB) continue to factor in majority ownership of and continued and expected support from the Government of India (GoI) to the bank, considering the systemic importance being one of the largest public sector banks (PSB) in India. Ratings also favourably factor in the bank's established franchise with a pan-India branch network which helps it garner deposits at competitive rates and sizeable international presence (~17% of total advances as on March 31, 2025), providing diversification in the advances profile.

Ratings continue to derive strength from the bank's comfortable capitalisation levels, which support the bank fund its credit growth in near future. Going forward, CARE Ratings Limited (CareEdge Ratings) expects the bank's advances to grow in line with the industry.

In the last few years, the bank has seen improvement in asset quality parameters with lower incremental slippages, leading to lower credit costs, which and strong credit growth, have helped improve the profitability. However, the bank's ability to contain incremental slippages and maintain its asset quality remains a monitorable.

CareEdge Ratings expects the bank's net interest margin (NIM) to witness some pressure in FY26, considering the faster repricing of advances than deposits, which would result in a moderation in profitability for the bank in the near term.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors - Factors that could individually or collectively lead to positive rating action/upgrade:

- Not applicable

Negative factors - Factors that could individually or collectively lead to negative rating action/downgrade:

- Reduction in Government of India (GOI) support and ownership below 51%.
- Deterioration in the asset quality parameters: net non-performing assets (NNPA) ratio of over 3% on a sustained basis.
- Decline in profitability, with return on total assets (ROTA) below 0.50% on a sustained basis.
- Moderation in capitalisation cushion levels of less than 2.5% over and above the minimum regulatory requirement.

Analytical approach: Standalone

Ratings are based on the bank's standalone profile and factor in the strong and continued support from the GoI, which holds majority shareholding in the bank.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable

The 'stable' outlook reflects CareEdge Ratings' expectation that BOB will continue to maintain its steady growth in advances and deposits over the medium term while maintaining stable asset quality and comfortable capitalisation levels.

Detailed description of key rating drivers:
Key strengths
Majority ownership and expected continued support from the GoI

The GoI continues to be majority shareholder, holding 63.97% stake in BOB as on June 30, 2025. The GoI has been supporting public sector banks (PSBs) with regular capital infusions and steps to improve capitalisation, operational efficiency, and asset quality. Given the majority ownership of the GoI and BOB's systemic importance being one of the largest PSBs in the domestic banking system, the bank is expected to receive timely adequate capital and operational support from the GoI, when required, and will remain a key rating sensitivity.

Long track record of operations with an established franchise and sizeable international presence

BOB has a long and established operational track record of over 11 decades and is one of the largest nationalised banks in terms of assets, business, and outreach. Post amalgamation of Vijaya Bank and Dena Bank with BOB on April 01, 2019, pan-India geographical presence of BOB has risen substantially, furthering its existing strong franchise. The bank's net advances stood at ₹1,209,558 crore as on March 31, 2025, making it the third-largest PSB in the country. The bank had a network of 8,508 branches (84 international and 8,424 domestic branches of which rural branches were 2,928) and 9,316 ATMs and 1,671 cash re-cyclers and over 75,000 employees as on March 31, 2025.

The bank has a stable depositor base, which raises its deposits at competitive rates. Indian banks have been facing a challenge in raising deposits, especially low-cost current account savings account (CASA) shift of deposits to other investment avenues. In FY25, the bank's total deposits grew by ~11% from ₹1,326,958 crore as on March 31, 2024, to ₹1,472,035 crore as on March 31, 2025, which was higher than the industry growth of ~10.4%. The bank's low-cost CASA deposits grew slower at ~8% over from ₹514,366 crore as on March 31, 2024, to ₹556,666 crore as on March 31, 2025.

As a result, the proportion of global CASA deposits to total deposits fell to 37.82% as on March 31, 2025, compared to 38.76% for the corresponding date of previous year. The bank's cost of deposits for FY25 increased to 4.85% from 4.73% for FY24.

In Q1FY26, the bank's deposits grew by ~9.1% (y-o-y), while domestic CASA deposits grew by 5.5% (y-o-y). The proportion of domestic CASA deposits stood at 39.33% as on June 30, 2025.

Comfortable capitalisation levels supported by internal accruals

BOB has maintained comfortable capitalisation levels with higher cushion over the minimum regulatory requirement in the last few years. The bank had raised equity of ₹4,500 crore through qualified institutional placement (QIP) in FY21, post which, the accretion to capital has been through internal accruals with improvement in profitability.

The bank reported capital adequacy ratio (CAR) of 17.19% (PY: 16.31%), Tier-I CAR of 14.79% (PY: 14.07%), and Common Equity Tier-I (CET I) of 13.78% (PY: 12.54%) as on March 31, 2025, against the minimum regulatory requirement of 11.5% for CAR, 9.5% for Tier-I, and 8% for CET I ratio (including capital conservation buffer), respectively. The comfortable capital cushion has enhanced its ability to absorb asset quality pressures and support advance growth in the near term. The bank reported CAR of 17.61% (Tier-I CAR: 15.15%) and CET I Ratio of 14.12% as on June 30, 2025.

CareEdge Ratings expects BOB to keep sufficient cushion over the minimum regulatory requirements in the medium term, in line with similar PSB peers.

Diversified advances book with focus on retail

BOB's gross advances grew by 12.83% (domestic: ~14% and international: ~9%) in FY25. The bank has been focusing on the retail, agriculture and micro, small and medium enterprise (MSME; RAM) segments, which together constituted ~47% of the global gross advances as on March 31, 2025 against ~45% as on March 31, 2024, whereas the wholesale segment (corporate: 8.57% and international: 8.81%) grew by 8.77%. The net advances growth for FY25 stood at 13.49%, which is over the banking industry average of 11.1%.

Improvement in earnings and profitability

The interest income increased by ~8% in FY25 compared to previous year due to lower yield on advances. The non-interest income grew by ~15% y-o-y due to increase in treasury income and income from recovery from written-off accounts and increase in commission and fees income in FY25. The bank's total income stood at ₹138,089 crore in FY25 compared to ₹127,101 crore in FY24 registering a growth of ~9%.

The bank's interest expense increase by ~12% y-o-y from ₹67,884 crore in FY24 to ₹75,783 crore in FY25 due to increase in cost of deposit resulting in net interest income (NII) to grow by ~2% to ₹45,659 crore in FY25 against ₹44,722 crore in FY24. NIM contracted to 2.73% for FY25 against 2.96% for FY24.

Operating expenses to total assets decreased to 1.79% of average total assets in FY25 compared to 1.87% for the previous year. Cost-to-income ratio of the bank has increased marginally to 47.94% for FY25 (47.71% for FY24). The bank's pre-provision operating profit (PPOP) increased ~5% to ₹32,435 crore for FY25 from ₹30,965 crore for FY24. Credit cost (provisions and write-offs/ average assets) reduced from 0.40% in FY24 to 0.36% in FY25 due to improvement in lower slippages and improvement in asset quality parameters resulting in lower provisioning. BOB's net profit increased by ~10% to ₹19,581 crore in FY25 against ₹17,789 crore in FY24 and return on total assets (ROTA) remained stable at 1.17% in FY25 against 1.18% in FY24.

BOB reported a net profit of ₹4,541 crore for the Q1FY26 on total income of ₹35,766 crore against a net profit of ₹4,458 crore on a total income of ₹31,116 crore for Q1FY25. Interest expense of the bank increased from ₹18,029 crore in Q1FY25 to ₹19,657 crore in Q1FY26 and the interest income increased from ₹29,629 crore in Q1FY25 to ₹31,091 crore in Q1FY26. In line with broader banking trends, interest income grew at a slower pace due to quicker repricing of advances at lower yields. In contrast, deposit costs remained elevated as they reprice with a lag. This mismatch led to a decline in NII. As a result, NIM for Q1FY26 stood 2.59% against 2.93% in Q1FY25.

Key weaknesses

Moderate but improving asset quality

The bank has reported improvement in its asset quality parameters with a reduction in the gross NPAs (GNPA), due to lower slippages, compared to write-offs, and recoveries. The bank has done provisioning resulting in reduction in NNPA ratio over the years. The bank has written off NPAs of ₹8,989 crore and recoveries and upgradation of ₹4,320 crore in FY25. The GNPA ratio improved to 2.26% as on March 31, 2025, from 2.92% as on March 31, 2024, and stood at 2.28% as on June 30, 2025. The bank's NNPA ratio improved to 0.58% as on March 31, 2025, against 0.68% as on March 31, 2024, respectively, and stood at 0.60% as on June 30, 2025. The bank's provision coverage ratio (PCR) excluding technically written-off (TWO) accounts stood at 74.87% as on March 31, 2025. The bank's NNPA to net worth ratio stood at 5.63% as on March 31, 2025. The bank's stressed assets (GNPA + Gross Standard Restructured Advances + Gross Security Receipts) constituted 2.66% of gross advances as on March 31, 2025.

In FY25, the bank reported lower slippages resulting in decline in slippages ratio which stood at 0.88% in FY25 compared to 1.11% in FY24. In Q1FY26, slippages ratio increased to 1.23% (annualised) due to one of the international accounts turning into NPA. The bank expects resolution of this account in due course.

The reported PCR, excluding TWO accounts, stood at 74.87% as on March 31, 2025 (June 30, 2024: 74.04%) compared to 77.34% as on March 31, 2024. Including written-off accounts, the reported PCR stood at 93.29% as on March 31, 2025 (June 30, 2025: 93.18%).

The bank has maintained the quality of wholesale exposure by increasing the exposure to better-rated corporates.

Going forward, the bank expects to maintain slippage ratio of under 1%, which would help it to maintain stable asset quality parameters. Going forward, BOB's ability to contain slippages, and maintain asset quality will be a key rating monitorable.

Liquidity: Strong

The bank's liquidity profile is supported by the bank's strong retail and CASA depositor base. As on June 30, 2025, the asset liability maturity (ALM) profile had positive cumulative mismatches in the time buckets up to 30-day time bucket. The bank had excess SLR of ₹51,533 crore (4.20% excess over regulatory requirement) as on June 30, 2025, which provides adequate liquidity. The bank has access to borrowing from RBI's liquidity adjustment facility (LAF) and marginal standing facility (MSF) and option to refinance from SIDBI, NHB, and NABARD, among others, and access to call money markets. Liquidity coverage ratio and net

stable funding ratio as on June 30, 2025, stood at 127.61% and 122.64%, respectively against the minimum regulatory requirement of 100%. Considering the bank's stable franchise, it is expected to roll over its deposits.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Although BOB's service-oriented business model limits its direct exposure to environmental risks, credit risk may arise if operations of asset class of the portfolio are adversely impacted by environmental factors.

Social risks in the form of cybersecurity threat or customer data breach or mis-selling practices can affect BOB's regulatory compliance and reputation, and hence, remain a key monitorable.

BOB's Board comprises 10 directors, with three independent directors, and also includes two female directors.

Applicable criteria

[Policy on default recognition](#)

[Factoring Linkages Government Support](#)

[Rating Basel III – Hybrid Capital Instruments issued by Banks](#)

[Banks](#)

[Financial Ratios - Financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Banks	Public sector bank

Established in 1908 and nationalised in 1969, BOB is a PSB with substantial footprint in the domestic and international markets. The government announced the amalgamation of Vijaya Bank and Dena Bank with BOB, effective April 01, 2019. In terms of asset size and total business, BOB is one of the largest PSB in India. The bank has over 140 million customers across the globe through its network of 8,508 branches, 9,316 ATMs, and over 75,000 employees as on March 31, 2025.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	127,101	138,089	35,766
PAT	17,789	19,581	4,541
Total assets	1,576,017	1,768,653	1,755,389*
Net NPA (%)	0.68	0.58	0.60
ROTA (%)	1.18	1.17	1.03^

A: Audited UA: Unaudited; Note: these are latest available financial results, *reported, ^ annualised and calculations per CareEdge Ratings.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Bonds-Tier II Bonds	INE705A08078	22-Jan-2016	8.64	22-Jan-2026	450.00	CARE AAA; Stable
Bonds-Tier II Bonds	INE028A08166	11-Sep-2019	7.75	11-Sep-2034	500.00	CARE AAA; Stable
Bonds-Tier II Bonds	INE077A08098	20-Sep-2016	8.76	20-Sep-2026	400.00	CARE AAA; Stable
Bonds-Tier II Bonds	INE028A08208	15-Jan-2020	7.84	15-Jan-2035	2000.00	CARE AAA; Stable
Certificate Of Deposit (proposed)	-	-	-	-	20000.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Bonds-Upper Tier II	LT	-	-	-	1)Withdrawn (02-Sep-24)	1)CARE AAA; Stable (04-Sep-23)	1)CARE AAA; Stable (06-Sep-22)
2	Bonds-Perpetual Bonds	LT	-	-	-	-	-	1)Withdrawn (06-Sep-22)
3	Bonds-Tier II Bonds	LT	500.00	CARE AAA; Stable	1)CARE AAA; Stable (29-Aug-25)	1)CARE AAA; Stable (02-Sep-24)	1)CARE AAA; Stable (04-Sep-23)	1)CARE AAA; Stable (06-Sep-22)
4	Bonds-Tier II Bonds	LT	-	-	1)Withdrawn (29-Aug-25)	1)CARE AAA; Stable (02-Sep-24)	1)CARE AAA; Stable (04-Sep-23)	1)CARE AAA; Stable (06-Sep-22)

5	Bonds-Tier II Bonds	LT	450.00	CARE AAA; Stable	1)CARE AAA; Stable (29-Aug-25)	1)CARE AAA; Stable (02-Sep-24)	1)CARE AAA; Stable (04-Sep-23)	1)CARE AAA; Stable (06-Sep-22)
6	Bonds-Lower Tier II	LT	-	-	-	-	-	1)Withdrawn (06-Sep-22)
7	Bonds-Tier II Bonds	LT	-	-	-	1)Withdrawn (02-Sep-24)	1)CARE AAA; Stable (04-Sep-23)	1)CARE AAA; Stable (06-Sep-22)
8	Bonds-Tier II Bonds	LT	400.00	CARE AAA; Stable	1)CARE AAA; Stable (29-Aug-25)	1)CARE AAA; Stable (02-Sep-24)	1)CARE AAA; Stable (04-Sep-23)	1)CARE AAA; Stable (06-Sep-22)
9	Bonds-Tier II Bonds	LT	-	-	-	1)Withdrawn (02-Sep-24)	1)CARE AAA; Stable (04-Sep-23)	1)CARE AAA; Stable (06-Sep-22)
10	Bonds-Tier II Bonds	LT	-	-	1)Withdrawn (29-Aug-25)	1)CARE AAA; Stable (02-Sep-24)	1)CARE AAA; Stable (04-Sep-23)	1)CARE AAA; Stable (06-Sep-22)
11	Bonds-Tier I Bonds	LT	-	-	-	-	-	1)Withdrawn (06-Sep-22)
12	Bonds-Tier II Bonds	LT	2000.00	CARE AAA; Stable	1)CARE AAA; Stable (29-Aug-25)	1)CARE AAA; Stable (02-Sep-24)	1)CARE AAA; Stable (04-Sep-23)	1)CARE AAA; Stable (06-Sep-22)
13	Certificate Of Deposit	ST	20000.00	CARE A1+				

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Bonds-Tier-II Bonds	Complex
2	Certificate Of Deposit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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