20th February 2026

Bank of Baroda

BSE: 532134 | NSE: BANKBARODA

Recommendation	Time Period	Current Price	Target Price	Potential Upside
BUY	**12 months**	**308/-**	**354/-**	**15.0%**

Bank of Baroda Ltd. (BoB) was incorporated in 1908 as a privately owned institution headquartered in Vadodara. BoB expanded its operations through mergers and acquisitions before being nationalized in 1969. GoI shareholding in BoB stood at ~64.0% as on Dec'25. It is amongst India's largest public sector banks with a large franchise and a relatively large international presence, strong capitalization, superior liquidity and asset quality metrics. The bank had a consolidated asset base of Rs 18.8 tn with advances of Rs 13.3 tn as of Dec'25.

Investment Rationale:

- **Strong loan growth:** In 3QFY26, advances growth was propelled by the RAM (Retail, Agri, MSME) segment, growing 18% YoY. RAM segment (% of total loan book) stood at 62% vs 60% in 3QFY25, driven by strong retail and agri growth and a moderate corporate credit growth. Management expect RAM segment to grow to 64%-65% of the total loan book in next 3 years. Corporate credit growth is expected at 10% YoY in FY26 driven by broad-based sanctioned pipeline across industries such as renewables, power & energy, data centers etc. We expect credit growth to remain at 13-14% range over FY26-28E.
- **Healthy deposit growth:** BoB has reported healthy global deposit growth of ~10% YoY to Rs 15.5 tn led by domestic deposit growth of ~11% YoY in 3QFY26. The bank aims to reduce reliance on bulk deposits and focus on stable and granular retail deposit. Bulk deposits are used primarily to bridge short-term funding gaps when credit growth outpaces deposit growth. CASA ratio remained stable at ~38% amid heightened competitive intensity for deposit mobilization.
- **NIM to remain resilient:** During 3QFY26, NIM declined to 2.8% (vs 2.96% in 2Q) amid the easing rate cycle which was partially offset by interest on income tax refund. Management reiterated its NIM guidance of 2.85-3% in FY26, with exit-4QFY26 margin of 2.85-2.9%, aided by full pass-through of retail deposit cuts and term deposit re-pricing.
- **Stable asset quality:** Asset quality for the bank continues to remain stable with GNPA and NNPA at 2.0% and 0.6%, respectively. Slippages continues to remain benign along with robust bad loans recovery. The bank continues to hold prudential provisions of Rs 10,000 cr (0.1% of loans), considering the potential transition to the ECL framework. Management estimates a net impact of 60-70 bps of loans on account of transition to ECL framework.
- **Reasonable valuation:** At CMP, the stock is trading at a P/BV of 1.1x/1.0x of its FY26E/FY27E BVPS respectively.

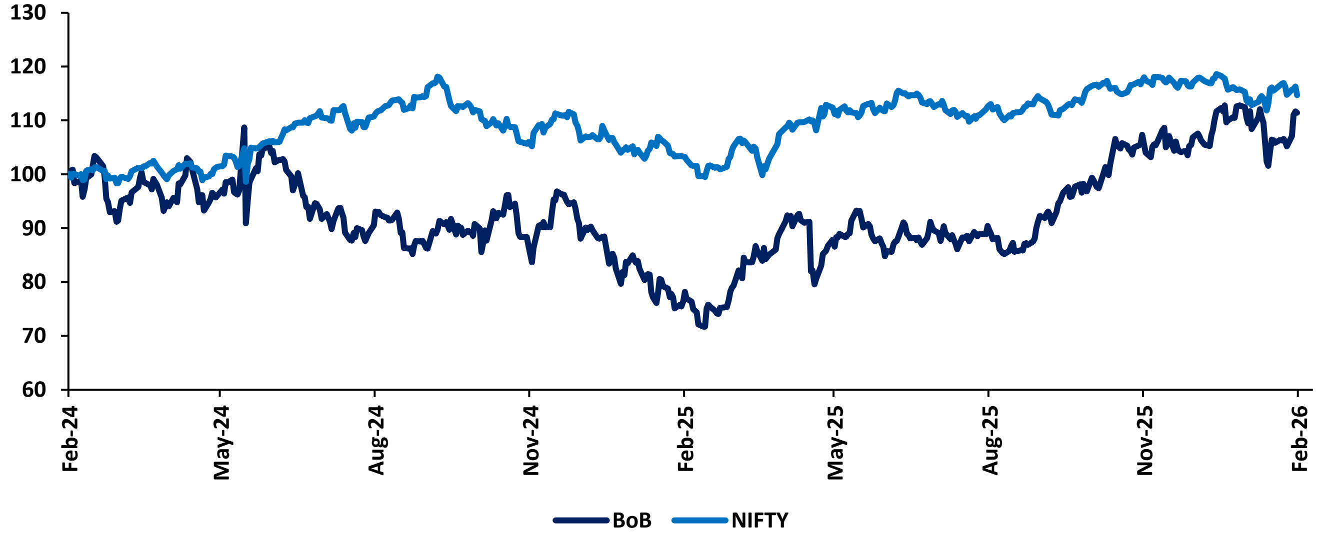
Key Risks: Further repo rate cuts, Tepid deposit growth, Asset quality deterioration

Financial Summary

Particulars (Rs cr)	FY24A	FY25A	FY26E	FY27E
NII	44,722	45,659	47,382	53,849
Net Profit	17,789	19,581	19,211	20,438
NIM (%)	3.2	3.0	2.7	2.7
RoA (%)	1.2	1.2	1.0	1.0
RoE (%)	16.7	15.6	13.6	13.0
GNPA %	2.9	2.3	2.0	1.8
Credit Cost %	0.7	0.5	0.4	0.5
PE (x)	9.0	8.1	8.1	7.7
P/BV (x)	1.4	1.2	1.1	1.0

Source: Bloomberg, SSL Research

Stock Performance (2-Years)



Source: Bloomberg, SSL Research

Recommendation History

Date	Stock Price	Target Price	Recommendation	Status
-	-	-	-	-

Disclaimer

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