

BCC:ISD:118:16:98

27.02.2026

The Vice-President, B S E Ltd., Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 BSE CODE-532134	The Vice-President, National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051 CODE-BANKBARODA
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Dear Sir / Madam,

Re: Bank of Baroda – Credit Rating - Disclosure under Regulation 30 of SEBI (LODR), 2015.

We advise that S&P Global Ratings has assigned its 'BBB' long-term and 'A-2' short-term issuer credit ratings, Outlook stable, to Bank of Baroda on 27.02.2026

The detailed report is enclosed.

We request you to take note of the above pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015 and upload the information on your website.

Yours faithfully,

S Balakumar
Company Secretary

Research Update:

Bank of Baroda Assigned 'BBB/A-2' Ratings; Outlook Stable

February 27, 2026

Overview

- We see a very high likelihood of Bank of Baroda Ltd. receiving support from the government of India, if needed.
- The bank's solid funding and liquidity profile underpin its credit quality.
- We assigned our 'BBB' long-term and 'A-2' short-term-issuer credit ratings to Bank of Baroda.
- The stable outlook on the long-term rating reflects our view that the bank will maintain its financial strength over the next two years.

Rating Action

On Feb. 27, 2026, S&P Global Ratings assigned its 'BBB' long-term and 'A-2' short-term issuer credit ratings to Bank of Baroda. The outlook on the long-term rating is stable.

Rationale

Our ratings on Bank of Baroda reflect the likelihood of extraordinary support from the government of India, if needed. We see a very high likelihood that the government would provide the bank with timely and sufficient extraordinary support in the event of financial distress.

We base our view on Bank of Baroda's very important role as a public sector bank in promoting financial inclusion through increased access to deposits and lending. The bank has very strong links with the government via the latter's majority ownership and control.

The starting point for our ratings on Bank of Baroda is 'bbb'--the same as for any bank operating predominantly in India. More than 80% of the bank's loan exposure is in India. We assess its stand-alone credit profile (SACP) at the same level as the issuer credit rating.

Bank of Baroda's credit profile is underpinned by the bank's well-established franchise, solid deposit base backed by high customer confidence owing to its ownership by the government,

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Bank of Baroda Assigned 'BBB/A-2' Ratings; Outlook Stable

and its ample liquidity. However, Bank of Baroda's profitability partially tempers these strengths, given that its return on average assets (ROAA) lags that of major private sector peers, though the return is comparable to public sector peers'.

We expect Bank of Baroda to maintain its risk management framework and asset quality over the next two years. The bank's capitalization should also remain healthy and sufficient to support credit growth above the industry average.

Bank of Baroda has a sizable franchise across India, in our view. The bank is among the 10 largest players in India, with a meaningful market share of 5%-6% of loans and deposits in a fragmented industry. We forecast Bank of Baroda's ROAA at 1.0%-1.2% over the next two years--comparable to several public sector banks--though lagging that of major private sector players.

Bank of Baroda's focus on the higher-yielding retail, agriculture, and micro, small, and midsize enterprise-enterprises (RAM) segment will predominantly support its net interest margin. However, this could be somewhat tempered by the thinner margins in international business. Bank of Baroda has one of the largest international footprints among Indian banks.

Bank of Baroda will maintain its risk-adjusted capital ratio above 7% over the next 12-24 months amid above-average credit growth. This will be mainly supported by steady internal capital generation. The board has approved an equity capital raising plan to the tune of Indian rupee (INR) 85 billion via qualified institutional placement by fiscal 2028 (ending March 31). If executed, the placement would further bolster the bank's capitalization.

We expect Bank of Baroda's asset quality to remain largely stable over the next two years amid favorable operating conditions in India. Additionally, the bank's adequate risk management, solid recoveries, and upgradation and write-offs of bad loans should keep the gross nonperforming loan ratio largely on an improving trajectory over the next two years.

We estimate credit costs at 0.6%-0.7% of total loans over fiscals 2026-2028. The bank has made a floating provision of about INR10 billion towards expected credit loss provisioning.

We forecast Bank of Baroda's loan growth at 13%-14% per annum over the next two years, slightly above the industry average. Growth will be mainly driven by the RAM segment, given the bank's focus on improving yields and granularity in the loan book. We estimate this segment will account for about 65% of total loans over the next two years, rising from about 62% as of end-December 2025.

As a government-owned bank, Bank of Baroda benefits from higher depositor confidence. Its deposit base is primarily composed of granular retail deposits and stable, relationship-driven public-sector and large corporate deposits. Bank of Baroda's current and savings account deposits contribute about 39.8% of the bank's total deposits, higher than that of several domestic peers.

Bank of Baroda's ability to mobilize deposits remains key to maintaining its solid funding profile, supported by the bank's expanding physical and digital distribution network. Bank of Baroda's liquidity ratios are also stronger than those of global peers. At 86%, Bank of Baroda's loan-to-deposit ratio is moderately weaker than the industry average as of end December 2026, mainly due to higher loans in its international business.

Bank of Baroda Assigned 'BBB/A-2' Ratings; Outlook Stable

That said, given Bank of Baroda's government ownership, the bank will likely benefit from a flight to quality in a stress scenario, in our view.

Outlook

The stable rating outlook on Bank of Baroda reflects that on the sovereign. We believe the bank will continue to benefit from its established franchise and maintain adequate risk management over the next two years. We also expect capitalization to remain supported by steady internal capital generation amid above-average credit growth and a solid funding and liquidity profile, supported by high customer confidence.

Our ratings on Bank of Baroda factor in a very high likelihood of government support for the bank.

Downside scenario

We could lower the ratings if we downgrade India or if we revise downward Bank of Baroda's SACP by two notches.

The SACP could come under pressure if Bank of Baroda's risk management and asset quality weaken materially, or the bank's funding profile deteriorates meaningfully compared with the industry.

Upside scenario

We could upgrade Bank of Baroda if we raise our sovereign ratings on India, given our view of a very high likelihood of government support for the bank.

Rating Component Scores

Bank of Baroda Assigned 'BBB/A-2' Ratings; Outlook Stable

Rating Component Scores

Issuer Credit Rating	BBB/Stable/A-2
SACP	bbb
Anchor	bbb-
Business position	Adequate (0)
Capital and earnings	Adequate (0)
Risk position	Adequate (0)
Funding and liquidity	Strong and Strong (1)
Comparable ratings analysis	0
Support	0
ALAC support	0
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity. GRE--Government-related entity.

Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), April 30, 2024
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Rating Government-Related Entities: Methodology And Assumptions](#), March 25, 2015
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Will India's Latest Reform Push Make Public Sector Banks More Efficient?](#), Feb. 3, 2026
- [Indian Banks On Firmer Footing For ECL Transition](#), Oct. 13, 2025
- [Indian Banks Primed For Growth](#), Oct. 7, 2025

Bank of Baroda Assigned 'BBB/A-2' Ratings; Outlook Stable

- [India Upgraded To 'BBB' On Economic Resilience And Sustained Fiscal Consolidation; Outlook Stable](#), Aug. 14, 2025

Ratings List

Ratings List

New Rating

Bank of Baroda

Issuer Credit Rating

BBB/Stable/A-2

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at <https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria> for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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