July 13, 2026

Bank of Baroda: Update on material event

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating outstanding	Financial Sector Regulator$
Basel III Tier-I bonds	5,500.00	5,500.00	[ICRA]AA+ (Stable)	SEBI
Infrastructure bonds#	1,000.00	1,000.00	[ICRA]AAA (Stable)	SEBI
Infrastructure bonds^	10,000.00	10,000.00	[ICRA]AAA (Stable)	SEBI
Fixed deposit programme	-	-	[ICRA]AAA (Stable)	RBI
Total	**16,500.00**	**16,500.00**		

**Instrument details are provided in Annexure I; #Long-term bonds for financing infrastructure and affordable housing; ^ Long-Term Green Infrastructure Bond*

$ SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

Rationale

Material event

Bank of Baroda, vide its stock exchange filing dated July 2, 2026, intimated that it has entered into an out of court settlement wherein, NMC Health PLC, NMC Healthcare Ltd, NMC Holding Ltd and their respective joint administrators, have resolved the claims between them and the Bank of Baroda. This is in relation to insolvency and civil proceedings before the Abu Dhabi Global Market Court and the High Court of Justice of England & Wales. As per the filing, the parties have resolved all claims without admission of liability or wrongdoing for a consideration of USD 600 million (~Rs. 5,700 crore), with the detailed terms of the settlement remaining confidential.

The litigation pertained to proceedings under Abu Dhabi Global Market (ADGM) and UK insolvency law, as well as UAE civil law, involving claims linked to the NMC Group. Pursuant to the settlement agreement, the ADGM proceedings have been discontinued, and the English proceedings are in the process of being discontinued. The bank stated that the settlement is aimed at bringing the disputes to a conclusion and avoiding prolonged litigation, uncertainty and associated costs.

Impact of the material event

In ICRA's view, settlement amount of approximately Rs. 5,700 crore is sizeable and is equivalent to around 23% of the bank's profit before tax for FY2026. While the accounting treatment and the extent to which the bank may utilise, existing provisions, if any, remain monitorable, the bank's ability to absorb the impact is supported by its net worth of Rs. 1.45 lakh crore as of March 31, 2026. Thus, ICRA expects the impact on net-worth and capital ratios to be manageable for the bank. ICRA estimates a direct impact (adjusting for the tax) of around 40 basis points on the bank's capital ratios, based on the March 31, 2026 capital position and risk weighted assets. Moreover, ICRA expects the bank's internal capital generation to continue to be healthy and to support near-to-medium-term growth.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, environmental and social risks, liquidity position and rating sensitivities: Click here

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Rating Methodology for Banks and Financial Institutions
Parent/Group support	The ratings factor in BoB's sovereign ownership and the demonstrated track record of capital infusions by the GoI. ICRA expects the GoI to support BoB with capital infusions, if required.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of BoB. However, in line with ICRA's consolidation approach, the standalone assessment of the bank factors in the ordinary and extraordinary support that it is expected to extend to its subsidiary.

About the company

Bank of Baroda was incorporated in 1908 and nationalised in 1969, along with 13 other major commercial banks of India, by the GoI. BoB is headquartered in Vadodara while its corporate office is in Mumbai.

On September 17, 2018, the GoI announced the merger of Vijaya Bank and Dena Bank with BoB. The merger became effective on April 01, 2019. As on March 31, 2026, BoB had 8,648 branches and 9,538 ATMs across India, of which ~61% are rural/semi-urban branches. It has an international presence with 80 overseas offices in 15 countries. Post merger, BoB became the second largest PSB in the Indian banking sector in terms of total business (advances and deposits cumulatively as on March 31, 2026). The GoI held a 63.97% stake in the bank as on March 31, 2026.

BoB reported a net profit of Rs. 20,021 crore in FY2026 on a total asset book of Rs. 20.00 lakh crore. Its GNPAs and NNPAs stood at 1.89% and 0.45%, respectively, as on March 31, 2026. The regulatory capital adequacy ratio stood at 15.82% as on March 31, 2026 (CET I: 13.16% and Tier I of 13.64%).

Key financial indicators (standalone)

Bank of Baroda	FY2025	FY2026
Total income	59,574	60,395
Profit after tax	19,581	20,021
Total assets (Rs. lakh crore)*	17.72	20.00
CET I	13.78%	13.16%
CRAR	17.19%	15.82%
PAT/ATA	1.17%	1.06%
Gross NPAs	2.26%	1.89%
Net NPAs	0.58%	0.45%

Source: BoB, ICRA Research
Total income includes net interest income and non-interest income excluding trading income/loss
Amount in Rs. crore unless mentioned otherwise;
** Excluding revaluation reserve; All ratios as per ICRA's calculations*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	July 13, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Basel III Tier I Bonds	Long term	5500.00	[ICRA]AA+ (Stable)	Aug 08, 2025	[ICRA]AA+ (Stable)	Aug 09, 2024	[ICRA]AA+ (Stable)	Aug 11, 2023	[ICRA]AA+ (Stable)
				Feb 25, 2026	[ICRA]AA+ (Stable)	-	-	-	-
Infrastructure Bonds	Long term	1000.00	[ICRA]AAA (Stable)	Aug 08, 2025	[ICRA]AAA (Stable)	Aug 09, 2024	[ICRA]AAA (Stable)	Aug 11, 2023	[ICRA]AAA (Stable)
				Feb 25, 2026	[ICRA]AAA (Stable)	-	-	-	-
Infrastructure Bonds	Long term	10000.00	[ICRA]AAA (Stable)	Feb 25, 2026	[ICRA]AAA (Stable)	-	-	-	-
Fixed deposit programme	Long term	-	[ICRA]AAA (Stable)	Aug 08, 2025	[ICRA]AAA (Stable)	Aug 09, 2024	[ICRA]AAA (Stable)	Aug 11, 2023	[ICRA]AAA (Stable)
				Feb 25, 2026	[ICRA]AAA (Stable)	-	-	-	-
Basel III Tier II Bonds	Long term	-	-	Aug 08, 2025	[ICRA]AAA (Stable)	Aug 09, 2024	[ICRA]AAA (Stable)	Aug 11, 2023	[ICRA]AAA (Stable)
				Feb 25, 2026	[ICRA]AAA (Stable)	-	-	-	-

Source: ICRA Research

Complexity level of the rated instrument

Instrument	Complexity indicator
Basel III Tier-I bonds	Highly Complex
Fixed deposits	Simple
Infrastructure bonds	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here]

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator (FSR) #
INE028A08265	Basel III Tier-I Bonds	Nov-26-2021	7.95%	Nov-26-2026^	1,997.00	[ICRA]AA+ (Stable)	SEBI
INE028A08273	Basel III Tier-I Bonds	Jan-31-2022	8.00%	Jan-31-2027^	752.00	[ICRA]AA+ (Stable)	SEBI
INE028A08281	Infrastructure bonds	Aug-17-2022	7.39%	Aug-17-2029	1,000.00	[ICRA]AAA (Stable)	SEBI
INE028A08299	Basel III Tier-I Bonds	Sep-02-2022	7.88%	Sep-02-2027^	2,474.00	[ICRA]AA+ (Stable)	SEBI
Yet to be issued	Basel III Tier-I Bonds	-	-	-	277.00	[ICRA]AA+ (Stable)	SEBI
INE028A08380	Infrastructure bonds*	Mar-05-2026	7.10%	Mar-05-2033	10,000.00	[ICRA]AAA (Stable)	SEBI
NA	Fixed deposits	-	-	-	-	[ICRA]AAA (Stable)	RBI

*^First call option date; first call option after five years from issuance date; * Long-Term Green Infrastructure Bond*
 # SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI
Source: BoB

Key features of the rated instruments

The servicing of the Basel III Tier II bonds is not subject to any capital ratios and profitability. However, the Basel III Tier II bonds and Basel III Tier-I bonds (AT-I bonds) are expected to absorb losses once the point of non-viability (PONV) trigger is invoked.

Further, the exercise of the call option on the Basel III Tier II and Tier-I bonds is contingent upon the prior approval of the RBI. Moreover, the bank will need to demonstrate that the capital position is well above the minimum regulatory requirement, post the exercise of the said call option.

The rated Tier-I bonds have the following loss-absorption features that make them riskier:

- Coupon payments are non-cumulative and discretionary, and the bank has full discretion at all times to cancel the same. Cancellation of discretionary payments shall not be an event of default.
- Coupons can be paid out of the current year's profits. If the current year's profit is not sufficient or if the payment of the coupon is likely to result in a loss, the coupon payment can be made through the reserves and surpluses[1] created via the appropriation of profits (including statutory reserves). However, the coupon payment is subject to the bank meeting the minimum regulatory requirements for CET I, Tier I and total capital ratios (including CCB) at all times as prescribed by the RBI under the Basel III regulations.

These Tier-I bonds are expected to absorb losses through the write-down mechanism at the objective prespecified trigger point fixed at the bank's CET I ratio as prescribed by the RBI, i.e. 6.125% of the total risk-weighted assets (RWAs) of the bank or when the PONV trigger is breached in the RBI's opinion.

Given the above distinguishing features of the Tier-I bonds, ICRA has assigned a one notch lower rating to these than the rating for the Tier II instruments. The DRs that can be used for servicing the coupon in a situation of inadequate profit or a loss during the year stood at a comfortable 8.5% of RWAs as on December 31, 2025.

The rating for the Tier-I bonds continues to be supported by the bank's capital profile, which is likely to remain comfortable, given the outlook on its profitability. However, the transition to the ECL framework and its impact on the capital and DRs remain monitorable.

[1] Calculated as per the amendment in Basel III capital regulations for Tier-I bonds by the RBI, vide its circular dated February 2, 2017. As per the amended definition, DRs include all reserves created through appropriations from the profit and loss account

Annexure II: List of entities considered for consolidated analysis

S. no.	Name of the entity	Ownership	Consolidation approach
1	BOBCARD Limited (formerly known as BoB Financial Solutions Limited)	100.00%	Full consolidation
2	BOB Capital Markets Limited	100.00%	Full consolidation
3	Baroda Global Shared Services Limited	100.00%	Full consolidation
4	Baroda Sun Technologies Limited	100.00%	Full consolidation
5	Bank of Baroda (Botswana) Limited	100.00%	Full consolidation
6	Bank of Baroda (Guyana) Inc.	100.00%	Full consolidation
7	Bank of Baroda (New Zealand) Limited	100.00%	Full consolidation
8	Bank of Baroda (Tanzania) Limited	100.00%	Full consolidation
9	Bank of Baroda (UK) Limited	100.00%	Full consolidation
10	The Nainital Bank Ltd	98.62%	Full consolidation
11	Bank of Baroda (Kenya) Limited	86.70%	Full consolidation
12	Bank of Baroda (Uganda) Limited	80.00%	Full consolidation
13	Baroda Capital (Uganda) Limited	100.00%	Full consolidation
14	IndiaFirst Life Insurance Company Limited	64.92%	Full consolidation
15	Baroda BNP Paribas Asset Management India Ltd	50.10%	Full consolidation
16	Baroda BNP Paribas Trustee India Private Limited	50.10%	Full consolidation
17	India Infradebt Limited	40.99%	Full consolidation
18	India International Bank (Malaysia), Berhad*	40.00%	Full consolidation
19	Gujrat Gramin Bank	35.00%	Full consolidation
20	Uttar Pradesh Gramin Bank	35.00%	Full consolidation
21	Indo-Zambia Bank Limited	20.00%	Full consolidation

*Source: BoB; Stake as on March 31, 2026; *Until November 05, 2025*

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