

Bank of Baroda | BUY

Weak quarter

Bank of Baroda (BOB) reported a weak quarter, though PAT came in ahead of estimates (+3% YoY, +4% QoQ, +17% JMFfe) primarily led by non-interest income (+25% YoY, +38% QoQ). However, core performance was subdued, with NII declining (-7% YoY, -4% QoQ) as margins compressed sharply by -17bps QoQ. On business front, loan growth remained healthy (+13% YoY) while deposit growth was stable at (+11% YoY). Mgmt. guides for credit growth of 11-13% and deposit growth of 9-11% for FY26. Gross slippages/net slippages increased marginally to 1.1%/0.4% (+6/3bps QoQ) primarily led by MSME and agri sectors. Credit costs inched up to 0.53% (vs 0.38% QoQ). As liquidity conditions improve, bank's ability to protect margins while driving growth will be a crucial factor to monitor. While there is limited room for margin expansion and recoveries from previously written-off accounts have largely plateaued, current valuations at 0.7x FY27E BVPS remain attractive, offering favourable risk-reward despite the near term headwinds. We expect avg. RoA/ROE of ~1%/12.6% over FY26E/ 27E. Maintain BUY with a TP of INR 250 (valuing core bank at 0.7x FY27E BVPS).

- **Soft quarter; margins decline:** Despite a PAT beat (+3% YoY, +4% QoQ, +17% JMFfe), underlying performance was subdued, with PPOp remaining flat YoY (+6% QoQ). Muted PPOp was largely due to, a) weak NII performance (-7% YoY, -3% QoQ), driven by a 17 bps QoQ contraction in margins (calc.), and b) higher operating expenses (+3% YoY, +8% QoQ). PAT outperformance was largely supported by strong non-interest income growth (+25% YoY, +38% QoQ), which helped partially cushion the impact of margin compression and rising costs. Return ratios remained steady, with RoA/ROE at 1.2%/15.1% (flat QoQ/+5 bps QoQ).
- **Growth momentum picks up:** Loan growth remained healthy at (+13% YoY, +5% QoQ), driven primarily by retail segment (+19% YoY). Within retail, growth was led by PL (+21% YoY), followed by auto loans (+20% YoY), LAP (+19% YoY) and home loans (+17% YoY). Agri and MSME segments both grew by 14% YoY, while corporate book registered a 9% YoY growth. Deposit growth remained stable at 11% YoY and 6% QoQ, broadly in line with system trends. CASA ratio stood at a healthy 40%. Mgmt. guides for credit growth of 11-13% and deposit growth of 9-11% for FY26. We build in a loan/deposit CAGR of 14%/12% over FY25-27E.
- **Slippages largely steady; credit costs inch up:** Gross slippages/net slippages saw slight increase to 1.1%/0.4% (+6bps QoQ, +3bps QoQ). Rise in slippages was primarily driven by MSME segment, where slippages rose to INR 14.7 bn (vs INR 9.6 bn QoQ), and agri book, which saw slippages increase to INR 6.7 bn (vs INR 5.1 bn QoQ). Meanwhile, credit costs inched up to 0.5% (vs 0.4% QoQ) with PCR declining slightly to 75% (vs 76% QoQ). We build in avg. credit costs of 0.71% over FY26/27E.
- **Valuation and view:** As liquidity conditions improve, bank's ability to protect margins while driving growth will be a crucial factor to monitor. While there is limited room for margin expansion and recoveries from previously written-off accounts have largely



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	250
Upside/(Downside)	11.4%
Previous Price Target	260
Change	-3.8%

Key Data – BOB IN

Current Market Price	INR225
Market cap (bn)	INR1,161.0/US\$13.7
Free Float	36%
Shares in issue (mn)	5,177.7
Diluted share (mn)	
3-mon avg daily val (mn)	INR2,528.8/US\$29.8
52-week range	300/191
Sensex/Nifty	80,747/24,414
INR/US\$	84.8

Price Performance

%	1M	6M	12M
Absolute	-2.1	-14.6	-13.3
Relative*	-10.0	-15.9	-21.2

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Profit	1,77,888	1,95,812	1,87,951	1,95,576	2,25,424
Net Profit (YoY) (%)	26.1%	10.1%	-4.0%	4.1%	15.3%
Assets (YoY) (%)	8.7%	12.3%	11.7%	13.6%	14.4%
ROA (%)	1.2%	1.2%	1.0%	0.9%	0.9%
ROE (%)	16.9%	15.7%	13.0%	12.2%	12.8%
EPS	34.4	37.8	36.3	37.8	43.5
EPS (YoY) (%)	26.1%	10.1%	-4.0%	4.1%	15.3%
PE (x)	6.5	5.9	6.2	6.0	5.2
BV	206	264	293	324	359
BV (YoY) (%)	15.1%	22.0%	11.0%	10.3%	10.8%
P/BV (x)	1.09	0.85	0.77	0.70	0.63

Source: Company data, JM Financial. Note: Valuations as of 07/May/2025

JM Financial Institutional Securities Limited

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
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plateaued, current valuations at 0.7x FY27E BVPS remain attractive, offering favourable risk-reward value despite the near term headwinds. We expect avg. RoA/ROE of ~1%/12.6% over FY26E/ 27E. Maintain BUY with a TP of INR 250 (valuing core bank at 0.7x FY27E BVPS).

BOB – 4QFY25 trends

Exhibit 1. Bank of Baroda 4QFY25 result trends

Earnings Table (Rs mn)	4QFY24	3QFY25	4QFY25	YoY (%)	QoQ (%)
NII	1,17,928	1,14,169	1,10,196	-7%	-3%
Non-Interest income	41,915	37,689	52,098	24%	38%
Total Income	1,59,843	1,51,858	1,62,295	2%	7%
Employee Cost	45,467	42,067	43,472	-4%	3%
Other Operating Expenses	33,315	33,148	37,501	13%	13%
Total Operating Expenses	78,782	75,215	80,973	3%	8%
Operating Profit	81,061	76,642	81,321	0%	6%
Core Operating Profit	60,636	58,564	54,123	-11%	-8%
Total Provisions	13,019	10,823	15,515	19%	43%
PBT	68,042	65,819	65,806	-3%	0%
Tax	19,177	17,446	15,329	-20%	-12%
Reported Profit	48,865	48,373	50,477	3%	4%
Balance sheet (Rs bn)					
Deposits	13,270	13,925	14,720	11%	6%
Net Advances	10,658	11,513	12,096	13%	5%
Total Assets	15,858	17,150	17,812	12%	4%
Low-cost Deposits (%)	37.7%	35.7%	36.2%		
Loan-Deposit ratio (%)	80.3%	82.7%	82.2%		
Key Ratios					
Credit Quality					
Gross NPAs (Rs mn)	3,18,336	2,84,712	2,78,349	-13%	-2%
Net NPAs (Rs mn)	72,133	68,251	69,942	-3%	2%
Gross NPA (%)	2.92%	2.43%	2.26%		
Net NPA (%)	0.68%	0.59%	0.58%		
Credit cost (%)	0.50%	0.38%	0.53%		
Coverage Ratio (%)	77.3%	76.0%	74.9%		
Capital Adequacy					
Tier I (%)	14.07%	13.44%	14.79%		
CAR (%)	16.31%	15.96%	17.19%		
Du-pont Analysis					
NII / Assets (%)	3.02%	2.72%	2.52%		
Non-Interest Inc. / Assets (%)	1.07%	0.90%	1.19%		
Operating Cost / Assets (%)	2.02%	1.80%	1.85%		
Operating Profits / Assets (%)	2.07%	1.82%	1.86%		
Provisions / Assets (%)	0.33%	0.26%	0.36%		
ROA (%)	1.25%	1.15%	1.16%		

Source: Company, JM Financial

Exhibit 2. BOB 4QFY25: Loan mix

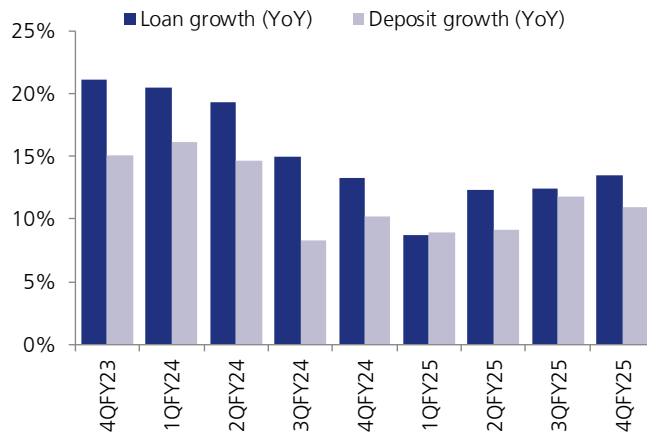
Loan Book Composition (INR bn)	4Q'24	3Q'25	4Q'25	YoY (%)	QoQ (%)
Retail credit	2,149	2,434	2,566	19.4%	5.5%
SME credit	1,194	1,318	1,364	14.2%	3.5%
Agriculture credit	1,386	1,511	1,583	14.2%	4.8%
Corporate	3,797	3,874	4,123	8.6%	6.4%
Others	454	513	575	26.7%	12.1%
Domestic Advances	8,981	9,649	10,211	13.7%	5.8%
Overseas Advances	1,924	2,082	2,093	8.8%	0.6%
Total Advances	10,905	11,730	12,305	12.8%	4.9%
Mix (%)					
Retail credit	19.7%	20.7%	20.9%	1.1%	0.1%
SME credit	11.0%	11.2%	11.1%	0.1%	-0.1%
Agriculture credit	12.7%	12.9%	12.9%	0.2%	0.0%
Corporate	34.8%	33.0%	33.5%	-1.3%	0.5%
Others	4.2%	4.4%	4.7%	0.5%	0.3%
Total Domestic Advances	82.4%	82.3%	83.0%	0.6%	0.7%
Overseas Advances	17.6%	17.7%	17.0%	-0.6%	-0.7%
Total Advances	100.0%	100.0%	100.0%		

Source: Company, JM Financial

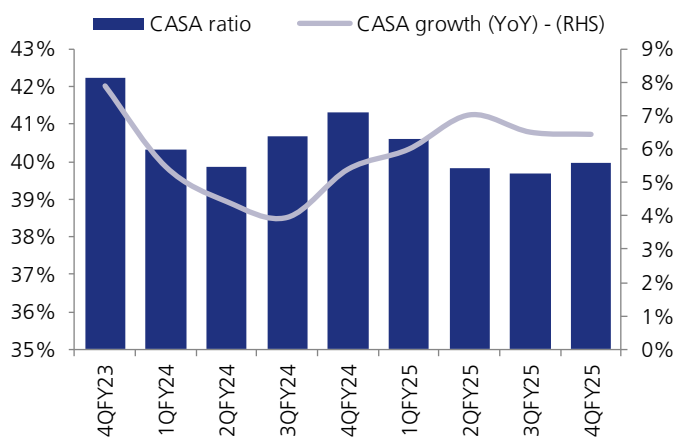
Exhibit 3. BoB 4QFY25: Deposit mix

	4QFY24	3QFY25	4QFY25	YoY (%)	QoQ (%)
Domestic deposits	11,285	11,659	12,422	10%	7%
CA	764	736	878	15%	19%
SA	3,900	3,891	4,087	5%	5%
TD	6,703	7,137	7,457	11%	4%
Overseas deposits	1,984	2,266	2,299	16%	1%
Total Deposits	13,270	13,925	14,720	11%	6%
Domestic deposits	85%	84%	84%	-1%	1%
CA	6%	5%	6%	0%	1%
SA	29%	28%	28%	-2%	0%
TD	51%	51%	51%	0%	-1%
Overseas deposits	15%	16%	16%	1%	-1%
Total Deposits	100%	100%	100%		

Source: Company, JM Financial

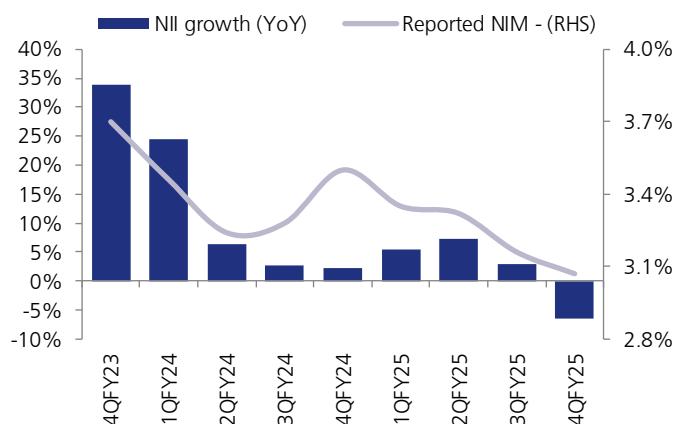
Exhibit 4. BOB 4QFY25: Loan and deposit growth trends

Source: Company, JM Financial

Exhibit 5. BOB 4QFY25: CASA trends

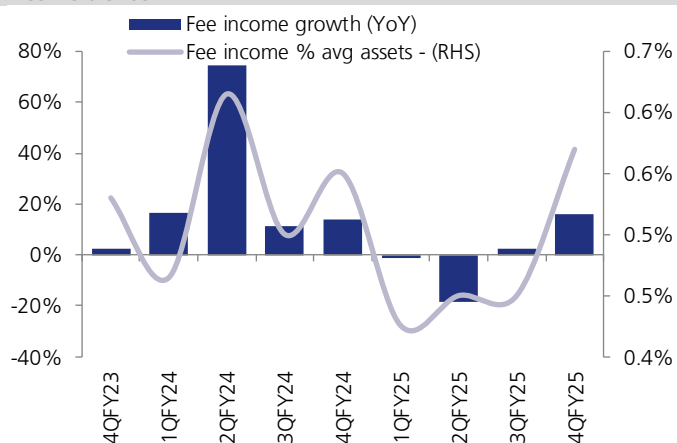
Source: Company, JM Financial

Exhibit 6. NII and NIM trends



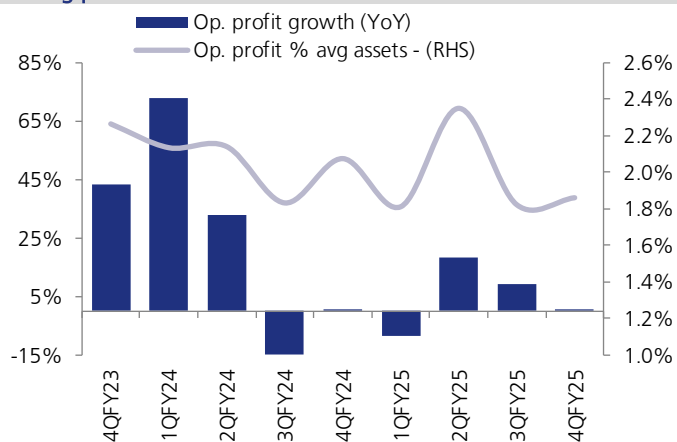
Source: Company, JM Financial

Exhibit 7. Fee income trends

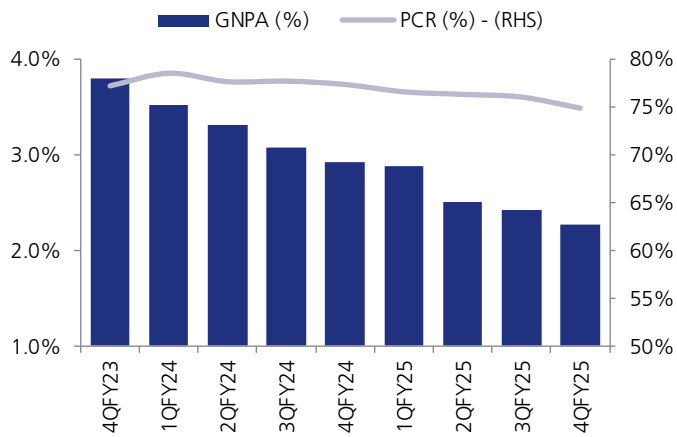


Source: Company, JM Financial

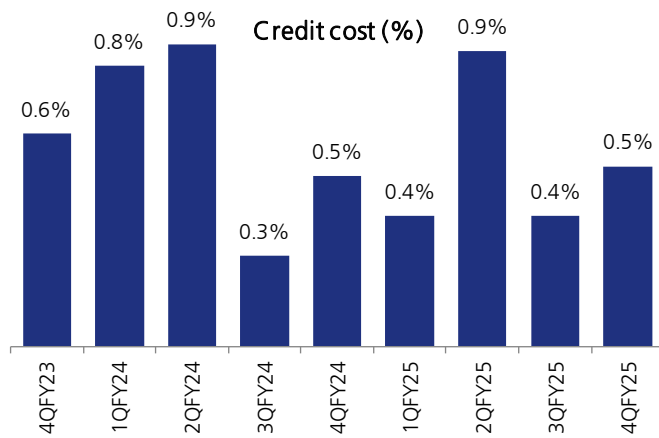
Exhibit 8. Operating profit trends



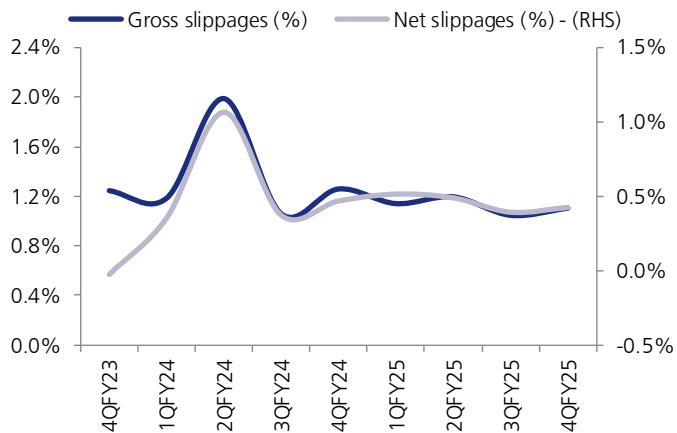
Source: Company, JM Financial

Exhibit 9. Asset quality trends

Source: Company, JM Financial

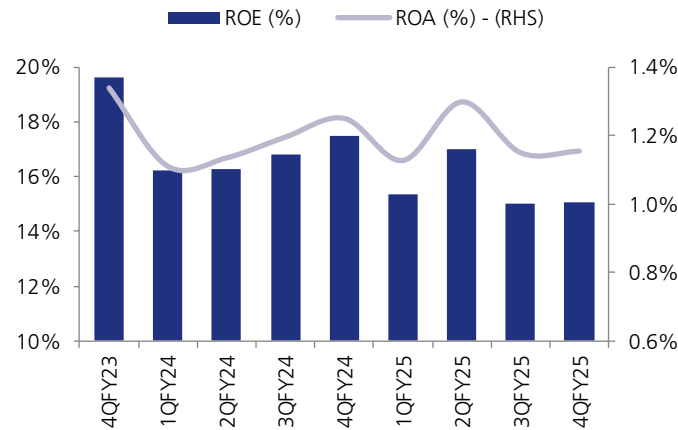
Exhibit 10. Credit cost trends

Source: Company, JM Financial

Exhibit 11. Slippage trends

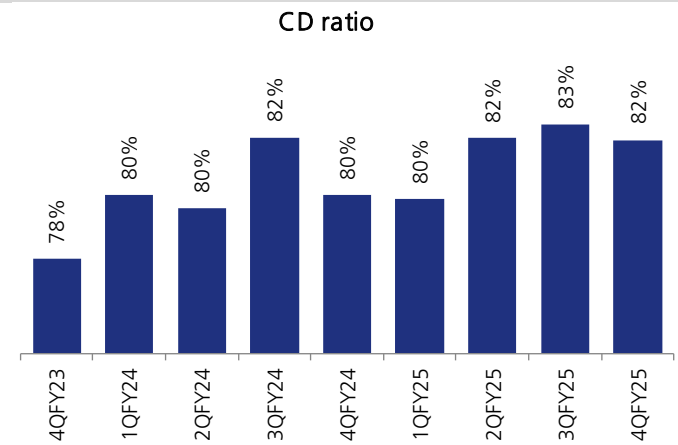
Source: Company, JM Financial

Exhibit 12. Trends in return metrics



Source: Company, JM Financial

Exhibit 13. CD ratio trends



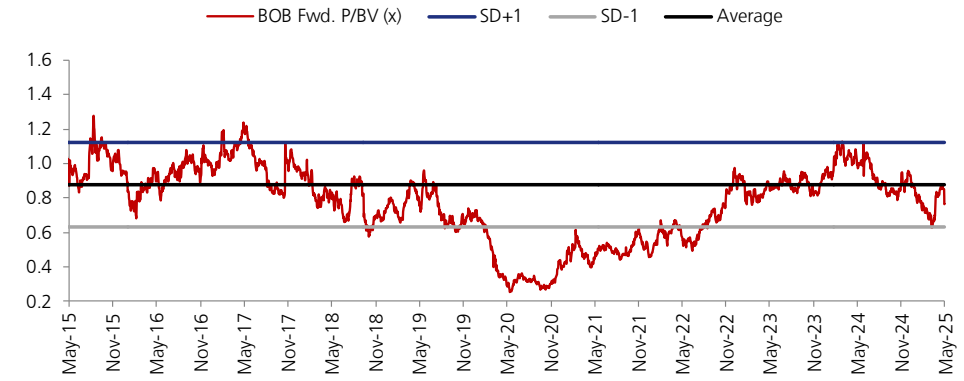
Source: Company, JM Financial

Exhibit 14. BoB 4QFY25 SoTP

Subsidiaries/JVs	Valuation metric	Metric value (Rs mn)	(Implied / Assigned)	Stake (%)	Stake value (Rs mn)	Per share (Rs)
Standalone Bank						228
IndiaFirst Life Insurance	GWP	72,180	1.1	65%	51,593	10
India Infradebt	BV	34,953	1.0	41%	14,331	3
Nainital Bank	BV	8,275	1.5	99%	12,238	2
Baroda AMC	AUM	4,77,170	6.0%	50%	14,344	3
BOBCARD Ltd.	BV	11,119	2.0	100%	22,238	4
Total consol. value						250

Source: Company, JM Financial

Exhibit 15. BOB: One-year forward P/BV (x)



Source: Company, JM Financial

Financial Tables (Standalone)

Profit & Loss (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Interest Income	4,47,215	4,56,587	4,92,766	5,44,577	6,41,680
Profit on Investments	14,930	22,660	30,000	25,000	20,000
Exchange Income	13,490	10,700	0	0	0
Fee & Other Income	1,16,534	1,33,113	1,47,331	1,57,961	1,66,954
Non-Interest Income	1,44,954	1,66,473	1,77,331	1,82,961	1,86,954
Total Income	5,92,169	6,23,060	6,70,097	7,27,539	8,28,634
Operating Expenses	2,82,517	2,98,714	3,28,472	3,60,848	4,04,162
Pre-provisioning Profits	3,09,652	3,24,346	3,41,624	3,66,691	4,24,472
Loan-Loss Provisions	57,810	55,890	0	0	0
Provisions on Investments	-320	370	0	0	0
Others Provisions	3,266	3,543	0	0	0
Total Provisions	60,756	59,803	90,453	1,05,330	1,23,223
PBT	2,48,896	2,64,544	2,51,171	2,61,361	3,01,249
Tax	71,008	68,732	63,220	65,785	75,824
PAT (Pre-Extraordinaries)	1,77,888	1,95,812	1,87,951	1,95,576	2,25,424
Extra ordinaries (Net of Tax)	0	0	0	0	0
Reported Profits	1,77,888	1,95,812	1,87,951	1,95,576	2,25,424
Dividend paid	39,491	43,233	37,590	39,115	45,085
Retained Profits	1,38,397	1,52,578	1,50,361	1,56,461	1,80,339

Source: Company, JM Financial

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Growth (YoY) (%)					
Deposits	10.2%	10.9%	11.1%	13.2%	15.0%
Advances	13.3%	13.5%	13.0%	14.0%	14.7%
Total Assets	8.7%	12.3%	11.7%	13.6%	14.4%
Nil	8.1%	2.1%	7.9%	10.5%	17.8%
Non-interest Income	44.6%	14.8%	6.5%	3.2%	2.2%
Operating Expenses	15.2%	5.7%	10.0%	9.9%	12.0%
Operating Profits	15.3%	4.7%	5.3%	7.3%	15.8%
Core Operating profit	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions	-14.9%	-1.6%	51.3%	16.4%	17.0%
Reported PAT	26.1%	10.1%	-4.0%	4.1%	15.3%
Yields / Margins (%)					
Interest Spread	2.71%	2.45%	2.35%	2.29%	2.35%
NIM	3.05%	2.81%	2.70%	2.65%	2.73%
Profitability (%)					
Non-IR to Income	24.5%	26.7%	26.5%	25.1%	22.6%
Cost to Income	47.7%	47.9%	49.0%	49.6%	48.8%
ROA	1.17%	1.16%	1.00%	0.92%	0.93%
ROE	16.9%	15.7%	13.0%	12.2%	12.8%
Assets Quality (%)					
Slippages	1.29%	1.15%	1.20%	1.20%	1.20%
Gross NPA	2.92%	2.26%	2.14%	2.06%	2.01%
Net NPAs	0.68%	0.58%	0.54%	0.52%	0.51%
Provision Coverage	77.3%	74.9%	75.0%	75.0%	75.0%
Specific LLP	0.66%	0.45%	0.65%	0.66%	0.66%
Net NPAs / Networth	6.4%	5.1%	4.9%	4.9%	4.9%
Capital Adequacy (%)					
Tier I	14.07%	14.79%	14.51%	14.16%	13.77%
CAR	16.31%	17.19%	16.91%	16.56%	16.17%

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Equity Capital	10,355	10,355	10,355	10,355	10,355
Reserves & Surplus	11,11,881	13,58,902	15,09,263	16,65,724	18,46,063
Deposits	1,32,69,578	1,47,20,349	1,63,53,257	1,85,19,572	2,12,96,498
Borrowings	9,44,023	12,37,162	15,19,155	16,76,253	17,26,743
Other Liabilities	5,22,134	4,85,706	5,12,756	7,41,929	9,85,973
Total Liabilities	1,58,57,971	1,78,12,473	1,99,04,786	2,26,13,833	2,58,65,632
Investments	36,98,168	38,53,985	43,16,463	48,77,603	55,60,467
Net Advances	1,06,57,817	1,20,95,579	1,36,72,395	1,55,91,177	1,78,89,058
Cash & Equivalents	9,51,241	12,58,492	12,51,069	14,13,708	16,11,627
Fixed Assets	79,126	1,23,763	1,36,139	1,49,753	1,64,728
Other Assets	4,71,619	4,80,655	5,28,721	5,81,593	6,39,752
Total Assets	1,58,57,971	1,78,12,473	1,99,04,786	2,26,13,833	2,58,65,632

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Nil / Assets	2.94%	2.71%	2.61%	2.56%	2.65%
Other Income / Assets	0.95%	0.99%	0.94%	0.86%	0.77%
Total Income / Assets	3.89%	3.70%	3.55%	3.42%	3.42%
Cost / Assets	1.86%	1.77%	1.74%	1.70%	1.67%
PBP / Assets	2.03%	1.93%	1.81%	1.72%	1.75%
Provisions / Assets	0.40%	0.36%	0.48%	0.50%	0.51%
PBT / Assets	1.64%	1.57%	1.33%	1.23%	1.24%
Tax rate	28.5%	26.0%	25.2%	25.2%	25.2%
ROA	1.17%	1.16%	1.00%	0.92%	0.93%
RoRWAs	2.38%	2.35%	2.01%	1.84%	1.86%
Leverage	14.1	13.0	13.1	13.5	13.9
ROE	16.9%	15.7%	13.0%	12.2%	12.8%

Source: Company, JM Financial

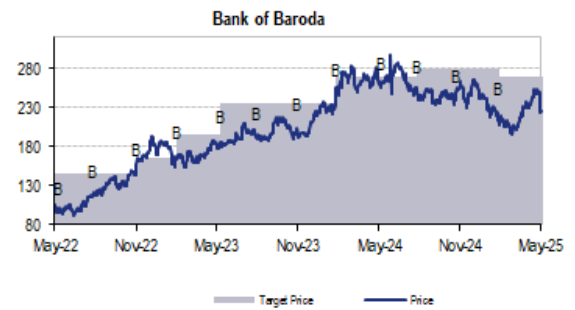
Valuations					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shares in Issue	5,177.7	5,177.7	5,177.7	5,177.7	5,177.7
EPS (INR)	34.4	37.8	36.3	37.8	43.5
EPS (YoY) (%)	26.1%	10.1%	-4.0%	4.1%	15.3%
PER (x)	6.5	5.9	6.2	6.0	5.2
BV (INR)	206	264	293	324	359
BV (YoY) (%)	15.1%	22.0%	11.0%	10.3%	10.8%
ABV (INR)	206	254	283	313	348
ABV (YoY) (%)	15.1%	23.1%	11.4%	10.7%	11.1%
P/BV (x)	1.09	0.85	0.77	0.70	0.63
P/ABV (x)	1.09	0.89	0.80	0.72	0.65
DPS (INR)	7.6	8.4	7.3	7.6	8.7
Div. yield (%)	3.4%	3.7%	3.2%	3.4%	3.9%

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
29-Oct-20	Hold	55	
11-Jan-21	Buy	95	72.7
28-Jan-21	Buy	95	0.0
31-May-21	Buy	95	0.0
9-Aug-21	Buy	95	0.0
11-Oct-21	Buy	110	15.8
10-Nov-21	Buy	135	22.7
7-Feb-22	Buy	145	7.4
15-May-22	Buy	145	0.0
1-Aug-22	Buy	145	0.0
6-Nov-22	Buy	165	13.8
6-Feb-23	Buy	195	18.2
16-May-23	Buy	235	20.5
6-Aug-23	Buy	235	0.0
5-Nov-23	Buy	235	0.0
31-Jan-24	Buy	270	14.9
12-May-24	Buy	270	0.0
1-Aug-24	Buy	280	3.7
27-Oct-24	Buy	280	0.0
30-Jan-25	Buy	270	-3.6

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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