Bank of Baroda – Q1FY27 (27.07.2026)

Result Update

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“Quarterly performance much below expectations led by mutated growth, NMC onetime Settlement further deteriorated the profitability of the Bank”

Ajcon Global’s observations & views:

1 The NMC settlement ($600 million, fully absorbed in the June quarter) brings closure to a long-standing legacy cross-border litigation without any admission of liability and importantly was absorbed without touching the Bank's ₹2,500 crore floating provision – a positive from a balance sheet resilience standpoint, though it materially depressed headline profitability and ROA optics for the quarter.

2 Management maintained credit growth guidance (12-14%) despite muted growth in Quarter1. Deposit growth guidance was similarly held s at 10-12%, with CD ratio expected to stay range-bound (84-86%) given the Bank's comfortable excess SLR position.

Q1FY27 RESULT ANALYSIS

1) **Global Deposits** fell by 0.91% QoQ to Rs. 16,33,559 crores in Q1FY27 against Rs. 16,48,487 crores in Q4FY26 and rose by 13.8% YoY from Rs. 14,35,634 crores in Q1FY26.
2) **Global Advances** decreased by 0.91% QoQ to Rs. 14,16,898 crores in Q1FY27 against Rs. 14,29,879 crores in Q4FY26 and increased by 17.40% YoY from Rs. 12,07,056 crores in Q1FY26.
3) **Total Business** dropped by 0.91% QoQ to Rs. 30,50,457 crores in Q1FY27 against Rs. 30,78,366 crores in Q4FY26 and surged by 15.4% YoY from Rs. 26,42,690 crores in Q1FY26.
4) **Net Interest Income** grew by 0.24% QoQ to Rs. 12,524 crores in Q1FY27 against Rs. 12,494 crores in Q4FY26 and was up by 9.5% YoY from Rs. 11,435 crores in Q1FY26.
5) **Operating Profit** fell by 10.4% QoQ to Rs. 8,127 crores in Q1FY27 against Rs. 9,069 crores in Q4FY26 and was also down by 1.32% YoY from Rs. 8,236 crores in Q1FY26.
6) **Net Profit** fell by 77.24% QoQ at Rs.1,278 crores in Q1FY27 against Rs. 5,616 crores in Q4FY26 and by 71.86% YoY from Rs. 4,541 crores in Q1FY26. [Exception Item impact of ₹5,680 crore]

KEY FINANCIAL INDICATORS - Q1FY27

CMP (27.07.2026)	: Rs.244.00
Face Value	: Rs. 2.00
Book value per share	: Rs. 256.20
Market Capitalisation	: Rs. 1,26,284.66 Crs.
Capital Adequacy Ratio	: 16.30%
CASA ratio (Domestic)	: 37.72%
Net Interest Margin (Global)	: 2.77%
Cost / Income ratio	: 49.19%
Gross NPA	: 1.99%
Net NPA	: 0.50%
PCR	: 93.28%
Slippage ratio	: 0.91%
Credit cost	: 0.29%
Return on Assets	: 0.25%
Return on Equity	: 3.89%

7) **Net Interest Margin (NIM)** was down to 2.77% in Q1FY27 against 2.89% in Q4FY26 and 2.91% in Q1FY26.
8) **Global Cost of Deposit** decreased to 4.66% in Q1FY27 against 4.78% in Q4FY26 and from 5.05% in Q1FY26, respectively. **The global yield on Advances** declined to 7.37% in Q1FY27 against 7.44% in Q4FY26 and 8.09% in Q1FY26, respectively.
9) **Total Non- Interest Income** decreased by 12.53% QoQ at Rs.3,470 crores in Q1FY27 against Rs. 3,967 crores in Q4FY26 and decreased by 25.8% YoY from Rs. 4,675 crores in Q1FY26.
10) **Fee-Based Income** decreased by 38.3% QoQ to Rs. 1,291 crores in Q1FY27 against Rs. 2,093 crores in Q4FY26 and also decreased by 20.4% YoY from Rs. 1,622 crores in Q1FY26.
11) **Treasury Income** rose sharply QoQ to Rs. 893 crores in Q1FY27 against Rs.44 crores in Q4FY26 but fell against Rs. 2,226 crores in Q1FY26, respectively.
12) **Cost/Income Ratio** rose to 49.19% in Q1FY27 against 44.90% in Q4FY26 and 48.87% in Q1FY26, respectively.
13) **CASA ratio** marginally decreased to 37.72% in Q1FY27 against 38.90% in Q4FY26 and 39.33% in Q1FY26, respectively.
14) **Return on assets (ROA)** fell to 0.25% (Without considering Exceptional Item RoA is 1.10%) in Q1FY27 against 1.15% in Q4FY26 and 1.03% in Q1FY26, respectively.
15) **Fresh Slippages** increased to Rs. 3,183 crores in Q1FY27 against Rs. 2,944 crores in Q4FY26 but decreased against Rs. 3,476 crores in Q1FY26, respectively. **Recovery + Upgradation** was down to Rs. 1,694 crores in Q1FY27 against Rs. 2,233 crores in Q4FY26 but was up from Rs. 1,560 crores in Q1FY26, respectively.
16) **Gross NPA Ratio** increased to 1.99% in Q1FY27 against 1.89% in Q4FY26 but improved against 2.28% in Q1FY26. Net NPA ratio increased to 0.50% in Q1FY27 against 0.45% in Q4FY26 but improved against 0.60% in Q1FY26.
17) **Credit Cost** decreased to 0.29% in Q1FY27 against 0.76% in Q4FY26 and 0.55% in Q1FY26, respectively.
18) **Provision Coverage Ratio** marginally decreased to 93.28% in Q1FY27 against 93.94% in Q4FY26 but increased from 93.18% in Q1FY26, respectively.

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Management Comments

19) In his opening remarks, Dr. Debadatta Chand, MD & CEO, highlighted the Bank's guidance for the year, reiterating credit growth of 12-14% (citing geopolitical caution) and deposit growth of 10-12%, with the CD ratio expected to remain in the 84-86% range given the Bank's excess SLR holding.
20) On margins, he noted Q1 NIM at 2.77%, within the maintained guidance range of 2.75-2.95%. Credit cost came in at 0.29%, well below the 0.6% guidance, while slippages at 0.91% improved YoY, keeping the Bank within its 1-1.25% guidance. On profitability, he flagged that reported ROA of 0.25% this quarter reflects the full impact of a one-off settlement; excluding this exceptional item, core ROA stood at a healthy 1.10%, with management expecting ROA to normalize above 1% from Q2 onward and full-year guidance to be revisited next quarter.
21) On the NMC case, Dr Chand, clarified that the Bank entered into an out-of-court settlement with the joint administrator, making a $600 million payment on July 1 (with the exchange notified on July 2).The settlement resolves all claims between the parties without any admission of liability or wrongdoing, with the Bank's exposure across both the ADGM and UK court proceedings capped at $600 million; claims against the Bank have since been discontinued in both jurisdictions, with terms remaining confidential given the case is still sub judice vis-à-vis other defendants. He informed that the financial impact has been fully absorbed within the June quarter itself, without touching Bank's ₹2,500 crore floating provision (earmarked for ECL migration).
22) In response to an analyst's query on the sequential rise in GNPA and NNPA (both in absolute terms and as a percentage of advances), MD & CEO clarified that the Bank's asset quality has improved significantly on a YoY basis. The QoQ increase was primarily technical in nature, driven by a lower denominator as RWA typically moderate in June compared with March, along with a conservative write-off approach during the quarter.
23) Talking about FCNR mobilization, management stated that the Bank has raised in excess of $600 million so far under FCNR (B), with facilities also being extended to NRI depositors via loans against their FCNR (B) deposits, alongside regular NRI deposit inflows. The Bank targets total mobilization of $4-5 billion across FCNR (B), OFCB and ECB routes combined.
24) In response to a query on ECL impact, Mr. Chand revised the Bank's earlier estimate, noting that with the final guidelines now issued, the pullback benefit has reduced to 15bps (from an earlier expected 50bps), resulting in a net CRAR impact of 110bps, translating to ₹12,000 crore. Against this, the Bank holds a ₹2,500 crore floating provision, with the balance to be built up over time. He expressed confidence of a smooth transition, supported by adequate CRAR and a robust capital-raising plan.