UCO Bank – Q1FY27

Result update (24.07.2026)

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

"Bank's core operating performance remains robust, driven by healthy credit growth and resilient asset quality, despite a one-time DTA impact weighing on reported earnings"

Ajcon Global's observations & views

1. The quarter reinforces UCO Bank's improving earnings profile, with strong execution across business growth and profitability. While the one-off DTA adjustment impacted reported profitability, the underlying operating trajectory remains healthy.
2. Bank's Management retained its FY27 guidance despite outperforming key metrics in Q1, indicating a conservative stance. Strong growth visibility, stable funding conditions and continued digital initiatives provide confidence in sustained earnings momentum, with potential for upgrades after H1FY27.

Q1FY27 RESULT ANALYSIS

1) **Total Business** expanded by 2.50% QoQ at Rs. 605083 Crores in Q1FY27 against Rs. 590314 Crores in Q4FY26 and also, increased by 15.53% YoY from Rs. 523736 Crores in Q1FY26.
2) **Total Deposits** rose by 1.45% QoQ at Rs. 332315 Crores in Q1FY27 against Rs. 327563 Crores in Q4FY26 and also, grew by 11.28% YoY from Rs. 298635 Crores in Q1FY26.
3) **Gross Advances** increased by 3.81% QoQ at Rs. 272768 Crores in Q1FY27 against Rs. 262752 Crores in Q4FY26 and marked a growth of 21.18% YoY from Rs. 225101 Crores in Q1FY26.
4) **Net Interest Income** rose by 7.42% QoQ at Rs. 2808 Crores in Q1FY27 against Rs. 2614 Crores in Q4FY26 and also, up by 16.85% YoY from Rs. 2403 Crores in Q1FY26.
5) **Operating Profit** was up by 78.58% QoQ at Rs. 2810 Crores in Q1FY27 against Rs. 1573 Crores in Q4FY26 and also, rose by 79.84% YoY from Rs. 1562 Crores in Q1FY26.
6) **Net Profit** decreased by 18.10% QoQ at Rs. 656 Crores in Q1FY27 against Rs. 801 Crores in Q4FY26 but jumped by 8.07% YoY from Rs. 607 Crores in Q1FY26.
7) **NIM** (Global) marginally improved to 3.05% in Q1FY27 against 3.00% in Q4FY26 and from 2.96% in Q1FY26, respectively.

KEY FINANCIAL INDICATORS – Q1FY27

CMP (24.07.2026)	: Rs. 25.88
Face Value	: Rs. 10
Book value per share	: Rs. 22.61
Market Capitalisation	: Rs. 32,527.62 Crs.
Capital Adequacy Ratio	: 19.03%
C/D ratio	: 82.08%
CASA ratio (Domestic)	: 36.94%
Net Interest Margin (Global)	: 3.05%
Cost / Income ratio	: 37.49%
Gross NPA	: 2.08%
Net NPA	: 0.25%
PCR	: 97.85%
Slippage ratio	: 0.63%
Credit cost	: 0.39%
Return on Assets (Annualised)	: 0.68%
Return on Equity (Annualised)	: 10.17%

8) **Cost of deposits** increased to 4.70% in Q1FY27 against 4.65% in Q4FY26 but down from 4.84% in Q1FY26.
9) **Cost/Income ratio** decreased to 37.49% in Q1FY27 against 52.66% in Q4FY26 and also eased from 54.06% in Q1FY26.
10) **Cost of Funds** decline to 4.36% in Q1FY27 against 4.47% in Q4FY26 and from 4.73% in Q1FY26, respectively.
11) **Total Non-Interest Income** increased by 137.83% QoQ at Rs. 1686 Crores in Q1FY27 against Rs. 709 Crores in Q4FY26 and also, up by 69.10% YoY from Rs. 997 Crores in Q1FY26.
12) **Fee based income** down by 2.19% QoQ at Rs. 505 Crores in Q1FY27 against Rs. 516 Crores in Q4FY26 but, grew by 35.12% YoY from Rs. 374 Crores in Q1FY26.
13) **Treasury income** increased at Rs.163 Crores in Q1FY27 against Rs. -16 Crores in Q4FY26 but declined by 17.72% YoY from Rs.198 Crores in Q1FY26.
14) **Yield on Advances** (Domestic) eased to 8.14% in Q1FY27 against 8.18% in Q4FY26 and also, declined from 8.60% in Q1FY26.
15) **The total Government guaranteed advances** increased to Rs. 7718 Crores in Q1FY27 against Rs. 7655 Crores in Q4FY26 and also, rose from Rs. 6939 Crores in Q1FY26.
16) **CASA ratio** declined to 36.94% in Q1FY27 against 38.65% in Q4FY26 but, strengthened from 36.91% in Q1FY26.
17) **Credit/Deposit (C/D) ratio** increased to 82.08% in Q1FY27 against 80.21% in Q4FY26 and also, surged from 75.38% in Q1FY26.
18) **Return on assets (ROA)** declined to 0.68% in Q1FY27 against 0.87% in Q4FY26 and 0.71% in Q1FY26, respectively.
19) **Fresh slippages** declined to Rs. 444 Crores in Q1FY27 against Rs. 484 Crores in Q4FY26 and from Rs. 631 in Q1FY26.
20) **Gross NPA ratio** improved to 2.08% in Q1FY27 against 2.17% in Q4FY26 and 2.63% in Q1FY26. Net NPAs ratio also improved to 0.25% against 0.27% in Q4FY26 and 0.45% in Q1FY26, respectively.
21) **Credit cost** increased to 0.39% in Q1FY27 against 0.36% in Q4FY26 but down from 0.84% in Q1FY26, respectively.
22) **Provision Coverage ratio marginally** increased to 97.85% in Q1FY27 against 97.79% in Q4FY26 and 96.88% in Q1FY26, respectively.
23) **The Bank's Capital Adequacy ratio** increased to 19.03% in Q1FY27 against 18.61% in Q4FY26 and also increased from 18.39% in Q1FY26.

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Management Comments

24) In it’s opening remarks, Mr. Rajendra Kumar Saboo, Executive Director holding the interim charge of MD & CEO, spoke on the bank's digital journey and planned initiatives, highlighting the continued expansion of end-to-end digital capabilities. He emphasized the upcoming rollout of the omnichannel platform, cash management services for corporates, higher-ticket digital MSME lending (up to ₹1 crore), contact-centre-enabled digital personal loans, GIFT City branch launch and enhanced CBDC offerings, alongside ongoing investments in AI and customer-centric digital solutions.

25) While speaking on the guidance outlook, Mr. Saboo stated that the bank has maintained its FY27 guidance, with cost of funds expected to remain stable as deposit repricing is largely complete. NIM is guided at 2.8%–2.9% (while aiming to stay above the range). He further clarified that the Q1FY27 cost-to-income ratio of 37.5% was aided by ₹1,008 crore of technical write-off recoveries, including around ₹800 crore from a few non-recurring accounts, and therefore is unlikely to sustain, with the bank targeting a normalized cost-to-income ratio of around 50% or below for FY27.

26) Addressing on credit growth, the MD & CEO stated that the bank remains confident of achieving and potentially exceeding its 12–14% credit growth guidance, supported by a healthy sanction pipeline of around ₹15,000 crore. He added that growth will continue to be driven primarily by the high-yielding RAM segments (Retail, Agriculture and MSME), while the bank remains selective on low-yield government exposures to improve portfolio yields further.

27) Answering to an analyst's query on ROA, the MD & CEO highlighted that the reported ROA was impacted by the one-time Deferred Tax Asset (DTA) adjustment of ₹1,237 crore, arising from the mandatory transition to the new tax regime. He noted that, excluding this one-off charge, the bank's ROA would have been above 1%. Looking ahead, the Bank’s profitability is expected to improve further, with ROA moving closer to 1% by the end of FY27.

28) While discussing key growth areas, Mr. Saboo stated that the bank will focus on strengthening CASA deposits through new products, bundled offerings and digital initiatives, while maintaining the RAM portfolio at around 65% of advances. He expects sustained growth across home loans (20–25% growth), vehicle loans (30% growth), MSME (20% growth) and gold loans, while corporate growth will be driven by opportunities in infrastructure, renewable energy, transmission projects and traditional sectors such as steel, cement and ports.

29) Commenting on ECLGS 5.0 and asset quality, the MD & CEO stated that the bank has sanctioned ₹2,150 crore under the scheme, with ₹1,700 crore already disbursed, while significant eligible customers are yet to avail the facility. He expects ECLGS to support MSMEs by providing timely liquidity, similar to the COVID period. On asset quality, he highlighted that the portfolio remains healthy, with contained slippages of 0.63% (annualized) and an improving SMA book.

30) On the implementation of the Expected Credit Loss (ECL) framework, Mr. Saboo elaborated that the bank has completed a preliminary assessment and is developing the required ECL models and IT systems with the support of external partners. He also highlighted that the bank has already created buffer provisions covering around 60% of the estimated transition requirement as of 1 April 2027, while the remaining 40% is expected to be built over the next four to five quarters, along with mandatory provisioning requirements.