Union Bank of India – Q1FY27

RESULT UPDATE (16.07.2026)

AJCONGLOBAL
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"Steady Quarter with Highest-Ever Profit; Growth Remains a Watch Point"

Ajcon Global's observations & views:

1. Bank delivered a steady Q1FY27 with highest-ever quarterly profit, RoA sustained at 1.36% for the third consecutive quarter and NIM improving to 2.80% from 2.64% in Q4FY26.
2. However, overall credit and deposit growth remain a key monitorable, with Q1 growth notably softer than several peers; management has guided for industry-plus-1% growth going forward, backed by a healthy ~₹1 lakh crore sanctioned-but-undisbursed pipeline in corporate and RAM segments.

Q1FY27 RESULT ANALYSIS

1) **Total Business** down 0.24% QoQ to Rs. 2379697 Crores in Q1FY27 against Rs. 2385502 Crores in Q4FY26 but rose by 7.46% YoY from Rs. 2214422 Crores in Q1FY26.
2) **Total Deposits** down by 1.80% QoQ to Rs.1283366 Crores in Q1FY27 against Rs. 1306891 Crores in Q4FY26 but rose 3.50% YoY from Rs. 1239933 Crores in Q1FY26.
3) **Total Advances** increased by 1.64% QoQ to Rs. 1096331 Crores in Q1FY27 against Rs. 1078611 Crores in Q4FY26 and by 12.50% YoY from Rs. 974489 Crores in Q1FY26.
4) **Net Interest Income** marginally increased by 6.71% QoQ to Rs. 10,037 Crores in Q1FY27 against Rs. 9406 Crores in Q4FY26 and also up by 10.14% YoY from Rs.9113 Crores in Q1FY26.
5) **Operating Profit** up by 0.60% QoQ at Rs. 8,003 Crores in Q1FY27 against Rs. 7955 Crores in Q4FY26 and also up by 15.83% YoY from Rs. 6909 Crores in Q1FY26.
6) **Net Profit** increased by 0.30% QoQ to Rs. 5332 Crores in Q1FY27 against Rs. 5316 Crores in Q4FY26 and also up by 29.54% YoY from Rs.4116 Crores in Q1FY26.
7) **Net Interest Margin (NIM)** increased to 2.80% in Q1FY27 against 2.64% in Q4FY26 also up from 2.76% in Q1FY26.
8) **Cost of deposits** declined to 5.05% in Q1FY27 against 5.23% in Q4FY26 and 5.53% in Q1FY26, respectively.
9) **Cost of Funds** remained same at 4.37% in Q1FY27, but declined from 4.79% in Q1FY26, respectively. **Yield on Advances** declined to 7.90% in Q1FY27 against 7.98% in Q4FY26 and 8.50% in Q1FY26, respectively.
10) **Total Non-Interest Income** went down by 14.95% QoQ at Rs.4603 Crores in Q1FY27 against Rs.5412 Crores in Q4FY26 and was up by 2.61% YoY from Rs.4486 Crores in Q1FY26.
11) **Fee based income** increased by 0.19% QoQ to Rs. 3215 Crores in Q1FY27 against Rs.3209 Crores in Q4FY26 and up by 44.95% YoY from Rs.2218 Crores in Q1FY26**.**
12) **Cost/Income ratio** decreased to 45.34% in Q1FY27 against 46.31% in Q4FY26 and 49.19% in Q1FY26, respectively.
13) **Domestic CASA ratio** down to 35.10% in Q1FY27 against 35.21% in Q4FY26 but up from 32.52% in Q1FY26, respectively.
14) **C/D ratio (Global)** increased to 86.10% in Q1FY27 against 83.27% in Q4FY26.
15) **Return on Assets (ROA)** remained same at 1.36% in Q1FY27.
16) **Fresh slippages** increased to Rs. 2062 Crores in Q1FY27 against Rs.2023 Crores in Q4FY26.
17) **Gross NPA ratio** improved to 2.65% in Q1FY27 against 2.82% in Q4FY26 and 3.52% in Q1FY26. Net NPAs ratio also slightly improved to 0.47% in Q1FY27 against 0.48% in Q4FY26 and 0.62% in Q1FY26, respectively.
18) **Credit cost** increased to 0.38% in Q1FY27 against 0.16% in Q4FY26 but down from 0.73% in Q1FY26, respectively.
19) **The Bank's Capital Adequacy ratio** rose to 18.46% in Q1FY27 against 18.10% in Q4FY26 and 18.30% in Q1FY26.
20) **Provision Coverage Ratio** remained at 95.05%.

KEY FINANCIAL INDICATORS – Q1FY27

CMP (16.07.2026)	: Rs. 168.77
Face Value	: Rs. 10
Book value per share	: Rs. 162.15
Market Capitalisation	: Rs. 1,28,740.76 Crs.
Capital Adequacy Ratio	: 18.46%
C/D ratio	: 86.10%
CASA ratio	: 35.10%
Net Interest Margin (NIM)	: 2.80%
Cost / Income ratio	: 45.34%
Gross NPA	: 2.65%
Net NPA	: 0.47%
PCR	: 95.05%
Slippage ratio	: 0.82%
Credit cost	: 0.38%
Return on Assets (Annualised)	: 1.36%
Return on Equity (Annualised)	:17.23%

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Management Comments

21) In his opening remarks, MD & CEO Shri Asheesh Pandey gave highlights of Bank’s performance in the quarter stating that the Bank continued to build on its five strategic pillars efficiency, robustness, quality and sustainable growth, profitability and customer centricity with visible improvement across parameters over the past three-four quarters.
22) On low-cost deposits, he highlighted that CASA plus RTD remained the Bank's key focus area, with average CASA of ₹24,000 crore and average RTD of ₹17,000 crore during the quarter, together totaling ~₹41,000 crore. While the Bank shed ₹18,000-20,000 crore of deposits during the quarter, he clarified this was a deliberate move rather than a pullback from deposit mobilization supported by a robust capital base of 18.46% and improving capital efficiency.
23) On growth, he indicated the Bank aims to grow at industry-plus-1% while prioritizing asset quality, with the objective shifting from "defending" NIM to actively improving it going forward. He also flagged a healthy ~₹1 lakh crore sanctioned-but-undisbursed pipeline in the corporate and RAM segments, supporting growth visibility into the coming quarters.
24) In response to an analyst's query on FCNR mobilization, MD & CEO stated that the Bank has raised ₹105-106 million so far, without any leveraging undertaken yet. He expressed confidence in garnering ₹1.5-2 billion by September, with an additional ₹200-300 million planned under the ECB route in line with the overall scheme framework laid out by the RBI and the Government.
25) Responding to questions on lower recovery, higher NPA provisioning and rising SMA-2, management clarified that the March quarter recovery included a one-off large account resolved via a Supreme Court order; excluding that, recovery trends remain steady, aided by continued use of OTS and Lok Adalat mechanisms. Overall SMA stood at ₹2,800 crore, ₹1,000 crore lower than March levels, with slippages well-contained despite a modest uptick in SMA-2.
26) On MSME, he noted stress remains confined to low-ticket, state-sponsored scheme accounts, with no material stress in medium/high-ticket exposures. The Bank conducted MSME customer meets across all 140 regional offices to proactively identify early stress signals and extend timely support.
27) On provisioning, Mr. Asheesh Pandey stated that the Bank has created an additional ₹800 crore floating provision as a prudent buffer ahead of ECL implementation, reflecting its conservative provisioning approach rather than any underlying asset quality concerns. He further noted that the ECLGS sanctioned portfolio stood at ₹12,000 crore, with ₹10,000 crore already disbursed and reiterated the Bank’s FY27 disbursement target of ₹14,000–15,000 crore.
28) In response to an analyst's query on the AFS reserve and PSLC income outlook, management stated that the AFS reserve stood at ₹-345 crore, an improvement of ₹438 crore from ₹-800 crore in the previous quarter. On PSLC, management noted that the ₹217 crore booked this quarter is linked to growth in the agriculture SMF portfolio.