



## UCO Bank – Q1FY26

**"The Bank showed resilient performance backed by healthy credit growth and improved asset quality "**

### Ajcon Global's observations & views

1. Inspite of June being a sluggish quarter for the entire Industry, the Bank comparatively performed well specially on business growth.
2. The Bank has increased its digital footprints by major Digital transformation thereby increasing its mobile banking customer base bringing ease of doing banking.

### Q1FY26 RESULT ANALYSIS

- 1) **Total business** rose by 1.99% QoQ at Rs. 523736 Crores in Q1FY26 against Rs. 513527 Crores in Q4FY25 and also rose by 13.51% YoY from Rs. 461408 Crores in Q1FY25.
- 2) **Total deposits** rose by 1.74% QoQ at Rs. 298635 Crores in Q1FY26 against Rs. 293542 Crores in Q4FY25 and rose 11.37% YoY from Rs. 268155 Crores in Q1FY25.
- 3) **Gross Advances** rose by 2.33% QoQ at Rs. 225101 Crores in Q1FY26 against Rs. 219985 Crores in Q4FY25 and rose by 16.48% YoY from Rs. 193253 Crores in Q1FY25
- 4) **Net Interest Income** declined by 10.93% QoQ at Rs. 2403 Crores in Q1FY26 against Rs. 2698 Crores in Q4FY25 and increased by 6.61% YoY from Rs. 2254 Crores in Q1FY25.
- 5) **Operating Profit** came down by 8.06% QoQ at Rs. 1562 Crores in Q1FY26 against Rs. 1699 Crores in Q4FY25 and it rose by 18.24% YoY from Rs. 1321 Crores in Q1FY25.
- 6) **Net Profit** decreased by 7.04% QoQ at Rs. 607 Crores in Q1FY26 against Rs. 653 Crores in Q4FY25 and it increased by 10.16% YoY from Rs. 551 Crores in Q1FY24.
- 7) **NIM (Domestic)** declined to 3.18% in Q1FY26 against 3.22% in Q4FY25 and 3.29% in Q1FY25, respectively.
- 8) **Cost of deposits** declined to 4.84% in Q1FY26 against 4.90% in Q4FY25 and increased from 4.79% in Q1FY25.
- 9) **Cost/Income ratio** declined to 54.06% in Q1FY26 against 58.47% in Q4FY25 and 57.23% in Q1FY25, respectively.
- 10) **Cost of Funds** declined to 4.73% in Q1FY26 against 4.78% in Q4FY25 and 4.79% in Q1FY25, respectively.
- 11) **Total Non-Interest Income** came down by 28.38% QoQ at Rs. 997 Crores in Q1FY26 against Rs. 1392 Crores in Q4FY25 and it is rose by 19.40% YoY from Rs. 835 Crores in Q1FY25.
- 12) **Fee based income** declined by 3.86% QoQ at Rs. 374 Crores in Q1FY26 against Rs. 389 Crores in Q4FY25 and rose 18.73% YoY from Rs. 315 Crores in Q1FY25.
- 13) **Treasury income** increased to Rs.198 Crores in Q1FY26 against Rs. 39 Crores in Q4FY25 and Rs. 90 Crores in Q1FY25, respectively.
- 14) **Yield on Advances (Domestic)** decreased to 8.60% in Q1FY26 against 8.90% in Q4FY25 and 8.76% in Q1FY25, respectively.
- 15) **The total Government guaranteed advances** increased to Rs. 6939 Crores in Q1FY26 against Rs. 6833 Crores in Q4FY25 and decreased from Rs. 9360 Crores in Q1FY25.
- 16) **CASA ratio** declined to 36.91% against 37.91% in Q4FY25 and from 38.62% in Q1FY25, respectively.
- 17) **Credit/Deposit (C/D) ratio** rose to 75.38% in Q1FY26 against 74.94% in Q4FY25 and from 72.07% in Q1FY25, respectively.
- 18) **Return on assets (ROA)** came down to 0.71% in Q1FY26 against 0.77% in Q4FY25.
- 19) **Fresh slippages** increased to Rs. 631 Crores in Q1FY26 against Rs. 488 Crores in Q4FY25 and Rs. 479 in Q1FY25, respectively.
- 20) **Gross NPA ratio** improved to 2.63% in Q1FY26 against 2.69% in Q4FY25 and 3.32% in Q1FY25. Net NPAs ratio also improved to 0.45% against 0.50% in Q4FY25 and 0.78% in Q1FY25.
- 21) **Credit cost** rose to 0.84% in Q1FY26 against 0.70% in Q4FY25 but slightly declined from 0.85% in Q1FY25.
- 22) **Provision Coverage ratio** increased to 96.88% in Q1FY26 against 96.69% in Q4FY25 and 95.76% in Q1FY25.
- 23) **The Bank's Capital Adequacy ratio** fell to 18.39% in Q1FY26 against 18.49% in Q4FY25 but it increased from 17.09% in Q1FY25.

### KEY FINANCIAL INDICATORS – Q1FY26

<b>CMP (22.07.2025)</b>	: Rs. 31.64
<b>Face Value</b>	: Rs. 10
<b>Book value per share</b>	: Rs. 18.50
<b>Market Capitalisation</b>	: Rs. 39,675.29 Crs.
<b>Capital Adequacy Ratio</b>	: 18.39%
<b>C/D ratio</b>	: 75.38%
<b>CASA ratio (Domestic)</b>	: 36.91%
<b>Net Interest Margin (Domestic)</b>	: 3.18%
<b>Cost / Income ratio</b>	: 54.06%
<b>Gross NPA</b>	: 2.63%
<b>Net NPA</b>	: 0.45%
<b>PCR</b>	: 96.88%
<b>Slippage ratio</b>	: 1.18%
<b>Credit cost</b>	: 0.84%
<b>Return on Assets (Annualised)</b>	: 0.71%
<b>Return on Equity (Annualised)</b>	: 11.25%

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### Management Comments

- 24) In his opening remark, Mr. Ashwani Kumar, the MD & CEO, spoke about bank's digital journey. Under Project Parivartan, 22 digital customer journeys have gone live till now and 8 more journeys are in the pipeline. The Bank targets Rs. 25,000 crore in digital business in FY26 (Rs. 8,000 Crores already achieved in Q1FY26).
- 25) Slippages for the quarter rose to Rs. 631 Crores, mainly due to one mid-corporate MSME account that slipped during the quarter. Despite this, the bank maintained slippages within its guidance range of 1% to 1.25%, added by Mr. Kumar.
- 26) The bank's credit growth is being driven by strong performance in home loans, vehicle loans, MSME, and agri segments, and the bank expects to stay within its FY26 credit growth guidance of 12–14% and deposit growth guidance of 10–12%, though a slight revision in deposit guidance may be considered after the September quarter based on liquidity conditions, added Mr. Kumar on bank's growth journey.
- 27) In response to an analyst's query on achieving 1% ROA, the MD mentioned that with continued improvement in asset quality, lower net NPAs, stable SMA levels, declining provisioning needs, the bank anticipates to reach 1% ROA by Q1 or Q2 of FY27.
- 28) The bank is actively exploring corporate bond investments opportunities and has increased its non-SLR portfolio. Also, the bank's future investments will depend on yield attractiveness and alignment with the bank's risk-return strategy, added Executive Director on Bank's corporate bond investment strategy.
- 29) In response to a query on stress within the standard advances portfolio, the MD mentioned that the bank currently sees no significant stress across any sector. He noted that enhanced recovery mechanisms and robust credit monitoring have led to a steady decline in slippages. The restructured book has reduced to Rs. 1,500 Crores and NPAs across retail, MSME, and agri segments are showing consistent improvement.