Union Bank of India – Q3FY26

RESULT UPDATE (16.01.2026)

AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVIS

"Bank Delivers Strong Profit Growth with Improved Asset Quality; Deposit Growth Remains a Watch point"

Ajcon Global's observations & views:

1. Bank delivered robust profitability, with standalone net profit crossing Rs 5,000 crores (Rs. 5,017 crore) for the first time in its history , supported largely by lower provisioning and stable operating performance.
2. Bank is well-positioned with improving asset quality, strong capital buffers and better growth visibility. However, addressing the issue of lower deposit growth and managing tight leash on NPA provisions will be critical to maintain the momentum.

KEY FINANCIAL INDICATORS – Q3FY26

CMP (16.01.2026)	: Rs. 176.15
Face Value	: Rs. 10
Book value per share	: Rs. 153.78
Market Capitalisation	: Rs. 1,34,427.79 Crs.
Capital Adequacy Ratio	: 16.49%
C/D ratio	: 83.89%
CASA ratio	: 33.96%
Net Interest Margin (NIM)	: 2.76%
Cost / Income ratio	: 49.95%
Gross NPA	: 3.06%
Net NPA	: 0.51%
PCR	: 95.13%
Slippage ratio	: 0.79%
Credit cost	: 0.09%
Return on Assets (Annualised)	: 1.35%
Return on Equity (Annualised)	:17.09%

Q3FY26 RESULT ANALYSIS

1) **Total Business** rose 1.35% QoQ to Rs. 2239740 Crores in Q3FY26 against Rs. 2209828 Crores in Q2FY26 and rose by 5.04% YoY from Rs. 2132229 Crores in Q3FY25.
2) **Total Deposits** fell by 0.95% QoQ to Rs.1222856 Crores in Q3FY26 against Rs.1234621 Crores in Q2FY26 and rose 3.36% YoY from Rs. 1183065 Crores in Q3FY25.
3) **Total Advances** increased by 4.27% QoQ to Rs. 1016884 Crores in Q3FY26 against Rs. 975207 Crores in Q2FY26 and by 7.13% YoY from Rs. 949164 Crores in Q3FY25.
4) **Net Interest Income** increased by 5.86% QoQ to Rs. 9328 Crores in Q3FY26 against Rs. 8812 Crores in Q2FY26 and also up by 0.95% YoY from Rs.9240 Crores in Q3FY25.
5) **Operating Profit** up by 1.88% QoQ at Rs. 6942 Crores in Q3FY26 against Rs.6814 Crores in Q2FY26 and it was down by 7.34% YoY from Rs. 7492 Crores in Q3FY25.
6) **Net Profit** increased by 18.07% QoQ to Rs. 5017 Crores in Q3FY26 against Rs.4249 Crores in Q2FY26 and also up by 8.97% YoY from Rs.4604 Crores in Q3FY25.
7) **Net Interest Margin (NIM)** increased to 2.76% in Q3FY26 against 2.67% in Q2FY26 but declined from 2.91% in Q3FY25.
8) **Cost of deposits** declined to 5.31% in Q3FY26 against 5.48% in Q2FY26 and 5.56% in Q3FY25, respectively.
9) **Cost of Funds** declined to 4.60% in Q3FY26 against 4.74% in Q2FY26 and 4.89% in Q3FY25, respectively. **Yield on Advances** declined to 8.27% in Q3FY26 against 8.34% in Q2FY26 and 8.78% in Q3FY25, respectively.
10) **Total Non-Interest Income** went down by 9.10% QoQ at Rs.4541 Crores in Q3FY26 against Rs.4996 Crores in Q2FY26 and was up by 2.82% YoY from Rs.4417 Crores in Q3FY25.
11) **Fee based income** increased by 0.29% QoQ to Rs. 2450 Crores in Q3FY26 against Rs.2443 Crores in Q2FY26 and up by 3.59% YoY from Rs.2365 Crores in Q3FY25**.**
12) **Cost/Income ratio** decreased to 49.95% in Q3FY26 against 50.65% in Q2FY26 and 45.14% in Q3FY25, respectively.
13) **Domestic CASA ratio** grew to 33.96% in Q3FY26 against 32.56% in Q2FY26 and slightly fell from 33.43% in Q3FY25, respectively.
14) **C/D ratio (Global)** rose to 83.89% in Q3FY26 against 79.67% in Q2FY26.
15) **Return on Assets (ROA)** increased to 1.35% in Q3FY26 against 1.16% in Q2FY26 and also up from 1.30% in Q3FY25.
16) **Fresh slippages** decreased to Rs. 1660 Crores in Q3FY26 against Rs.1985 Crores in Q2FY26 and Rs.1820 Crores in Q3FY25.
17) **Gross NPA ratio** improved to 3.06% in Q3FY26 against 3.29% in Q2FY26 and 3.85% in Q3FY25. Net NPAs ratio also improved to 0.51% in Q3FY26 against 0.55% in Q2FY26 and 0.82% in Q3FY25, respectively.
18) **Credit cost** declined to 0.09% in Q3FY26 against 0.22% in Q2FY26 and 0.63% in Q3FY25, respectively.
19) **The Bank's Capital Adequacy ratio** fell to 16.49% in Q3FY26 against 17.07% in Q2FY26 and 16.72% in Q3FY25.
20) **Provision Coverage Ratio** remained same at 95.13%.

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Management Comments

21) In his opening remarks, MD & CEO Shri Asheesh Pandey stated that the Bank delivered steady growth, with advances rising 7.13% YoY and deposits growing 3.36% YoY, reflecting healthy core banking performance. Despite rate cuts, the Bank largely protected margins, with NIM at 2.76% and showing sequential improvement.
22) He highlighted robust RAM growth, continued improvement in asset quality with low stress levels and PCR above 95%, with the Bank crossing the milestone of Rs.10 lakh crore in advances and reporting a record ROA of 1.35% along with healthy ROE. He also noted that the Bank received four technology awards, including the Best Bank Tech Award, underscoring its progress in digital banking and technology integration.
23) In response to an analyst’s question on deposit growth and funding for credit expansion, Mr. Asheesh Pandey stated that the Bank has optimized resources by shedding high-cost bulk deposits and redeploying treasury assets, while CASA improved by 140 bps, supporting funding needs. These measures have kept the CD ratio, LCR and NSFR within limits, also the Bank remains focused on further CASA growth to support advances in coming quarters.
24) While addressing an analyst’s concern on the outlook for NIM’s in FY27 and the expected portfolio mix, Mr. Amresh Prasad, Executive Director, stated that NIMs are likely to improve, supported by the ongoing repricing of deposits in the current and next financial year. He explained that while a significant portion of the loan book is linked to external benchmarks—resulting in immediate transmission of rate cuts—the cost of funds adjusts with a lag as deposits reprice. With only about 32% of advances linked to MCLR, margin pressures are expected to ease, leading to an improvement in NIMs in the coming quarters.
25) In response to an analyst’s query on the impact of draft ECL norms on credit cost, MD & CEO stated that the one-time transition impact is estimated at around Rs. 4,200–4,300 crore. Mr. Nitesh Ranjan, ED, added that the ongoing credit cost is expected to remain largely stable, with no material changes anticipated once the final ECL guidelines are notified.
26) Responding to questions on loan growth outlook, Mr. Asheesh Pandey stated that most of the corporate book reshuffling, including the runoff of Rs. 30,000 crore of lower-yielding loans, is largely complete. Supported by a strong pipeline of Rs. 24,000–26,000 crore of sanctioned but undisbursed loans, the Bank expects faster sequential growth and remains confident of achieving industry-level YoY loan growth in the coming quarters.

Ajcon Global Research
Ajcon Global Services Limited
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