RATING RATIONALE

17 Sep 2026

Union Bank of India

SUMMARY OF RATING ACTION

Instruments	Amount Rs. Crs.		Tenure	Rating Action & Outlook		Regulator
	Previous	Present		Previous (18 Sep 2025)	Present (17 Sep 2026)	
Tier II Bonds (under Basel III)	1000.00	**1000.00**	Long Term	BWR AAA/ Stable (Reaffirmed)	**BWR AAA/ Stable (Reaffirmed)**	**SEBI**
Additional Tier I Bonds (under Basel III)	1705.00	**0.00**		BWR AA+/ Stable (Reaffirmed)	**Withdrawn**	**SEBI**
Total	2705.00	**1000.00**	**Rupees One Thousand Crores Only**			

Note:
1. Please refer to the BWR website www.brickworkratings.com/ for the definition of the ratings
2. Refer to Annexures I, II and III for details of rated bank loan facilities, debt instruments and the List of Entities consolidated

RATING ACTION / OUTLOOK: REAFFIRMATION/ STABLE/WITHDRAWAL

Brickwork Ratings (BWR) reaffirms the long-term rating of BWR AAA/Stable for the Tier II Bonds (under Basel III) of Rs 1000 Crores and withdraws the long-term rating of BWR AA+/Stable for the Additional Tier 1 Bonds (under Basel III) on full redemption of Union Bank of India (Bank or UBI) as tabulated above.

The rating reaffirmation of the Tier II bonds (under Basel III) of the Bank factors in the strong operational credit profile of the bank supported by comfortable capital buffer levels, improving asset quality indicators, and sustained profitability. Union Bank of India is the fifth-largest Public Sector Bank in total business (advances and deposits) in market position in the Indian banking sector. The rating also considers UBI's strong and established franchise through its PAN-India branch network and diversified advances profile. The bank's strategic shift away from high-cost bulk deposits and unremunerative corporate exposures toward granular Retail, Agriculture, and MSME (RAM) advances has strengthened its underlying balance sheet quality. While Gross Non-Performing Assets (GNPA) appear higher than select top-tier peers, key risk mitigation metrics—such as a Provision Coverage Ratio (PCR) exceeding 95% and a Net NPA (NNPA) below 0.50%—place UBI on par with leading public sector banks.

Withdrawal of Rating for Adiditonal Tier I bonds (under Basel III) of Rs 1705 Crores, presnet outstanding nil, complies with BWR Rating Withdrawal policy. BWR has received the confirmation from IDBI Trustee, the debenture tustee on 16th Dec 2025, 12 Jan 2026 and 30th January 2026 of full redemption of INE692A08110 (redeemed on 15 Dec 2025), INE692A08128 (redeemed on 9th Jan 2026 and INE692A08136 (redeemed on 29th Jan 2026), respectively, through exercise of call option by the Bank. The Bank/ issuer has made appropriate disclosure to the stock exchange in this regards, confirming due redemption these bonds.

BWR believes Union Bank of India's risk profile will be maintained over the medium term. The Stable outlook indicates a low likelihood of a rating change over the medium term

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED:

The following are the unsecured rated listed subordinated non-convertible Basel III compliant bonds:

- **INE112A08051:** The coupon rate of Tier II bonds (under Basel III) of Rs. 1000 Crores was 8.93%. These were raised by Corporation Bank and, upon amalgamation, were transferred to Union Bank of India. The bonds were raised in November 2019 for a period of 10 years with a fixed coupon of 8.93% payable annually on 08 Nov till its maturity.

Note on Tier-II Instruments (under Basel III): The distinguishing feature of Tier-II capital instruments under Basel III is the existence of the point of non-viability (PONV) trigger, occurrence of which may result in loss of principal to the investors, and hence, default on the instrument by the issuer. According to the Basel III guidelines, the PONV trigger will be determined by the RBI. BWR believes that the PONV trigger is a remote possibility in the Indian context, given the robust regulatory and supervisory framework and the systemic importance of the banking sector. The inherent risk associated with the PONV feature is adequately factored into the rating on the instrument.

ANALYTICAL APPROACH & APPLICABLE RATING CRITERIA

ANALYTICAL APPROACH	COMMENTS
Applicable Rating Criteria	• General Criteria • Approach to Financial Ratios • Banks & Financial Institutions • Capital Instruments Issued by Banks and Financial Institutions • Rating of entities based on Government Support • Rating Withdrawal Policy
Parent/Group/Government Support	**Government Support**
Analytical Approach (Consolidation/Standalone)	**Standalone Financials of the Bank** For arriving at its ratings, BWR has considered the standalone financial profile of Union Bank of India and has applied its rating methodology as detailed in the Rating Criteria

KEY RATING DRIVERS WITH DETAILED DESCRIPTION

Credit Strengths:-

- **Strong support from GOI:** Government of India continues to be the majority shareholder of the bank with 74.76% as of 30 June 2026. The GOI's support to Public Sector Banks (PSBs) has always been of prime importance given their criticality to the economy and to maintain the stability of the banking sector. Being the key promoter-shareholder, the GOI has continued to support PSBs even in times of distress, through various recapitalisation plans announced over the years. The GOI's support to the bank in the form of capital infusion is expected to continue, given that the bank is one of the major PSBs in the country.

- **Established track record and significant scale of operations:** Incorporated in 1919, Union Bank is the fifth largest PSB in Business mix. As of 30 June 2026, the total business of the bank stood at Rs. 23,79,697 Crores, which increased by 8 % YoY. This growth was driven by significant expansions in the retail, agricultural, and MSME (RAM) segments. Total Advances as on 30 June 2026 were Rs 10,96,331 Crores; of these, ~55% exposure was in the RAM segment, followed by 40% exposure to large corporates.

During FY 2025-26, the Bank has undertaken a policy to exit price-competitive, low-yield Inter-Bank Participation Certificates (IBPC/IDPC), shedding ~₹33,000–34,000 Crores to focus on higher-margin credit segments.

The number of branches and ATMs has decreased, with strategic movement to establish Digital Banking Units (DBUs), and significant investments in green projects highlight UBI's commitment to sustainable development, cost efficiency, and digital banking, enhancing customer convenience and aligning with modern banking trends. The bank had 8698 domestic branches and 8758 Automated Teller Machines (ATMs) with 28629+ Business Correspondent points and 74281+ employees.

- **Strong Liability franchise with growing momentum:** Total deposits have increased by 3.50% YoY with a deposit base of Rs.12,83,366 crore as on June 30, 2026. CASA ratio stood at 35.10% of domestic deposits as on 30 June 2026. Active reduction of bulk deposits (down from ~27% to 21%) has lowered the overall cost of funds. Concurrently, low-cost Current Account and Savings Account (CASA) deposits grew ~12% YoY, elevating the CASA ratio by ~259 bps to 35.1%

- **Strong Capitalization:** As of March 31, 2026, the bank reported a capital adequacy ratio (CAR) of 18.10% (PY: 17.2%) and core equity tier 1 (CET-I) ratio of 15.69% (PY: 14.98%), both comfortably above the regulatory thresholds of 11.5% and 8.0%, respectively.

In FY 2025–26, total capital growth was driven entirely by internal accruals through net profit retention, with no fresh equity raised during the financial year. To support future business expansion and maintain a strong capital cushion, the bank retains an enabling board-approved framework to raise up to ₹8,000 Crores in capital, which can be mobilized based on growth requirements.

Credit Risks-:

- **Asset quality improved; albeit remains monitorable:** Asset quality showed significant and continuous improvement. Gross NPA declined steadily from Rs. 43,098 Crores (4.76%) in FY 2024 to Rs. 30,401 Crores (2.82%) in FY 2026, and further down to Rs. 29,093 Crores (2.65%) by June 2026. Similarly, Net NPA reduced from Rs. 8,990 Crores (1.03%) in FY 2024 to Rs. 5,067 Crores (0.48%) in FY 2026 and Rs. 5,017 Crores (0.47%) in June 2026. Annual gross slippages declined significantly from ~₹12,000 Crores (FY25) to ~₹8,500 Crores (FY26), with FY27 full-year slippages projected to stay below ₹8,000 Crores. Credit cost stands healthy at 38 bps (Q1 FY27), comfortably under the 50 bps internal guidance ceiling.

  Total stressed assets stood at ~₹30,700 Crores in June 2026 (down ₹2,500 Crores from March), of which the Corporate book accounts for a minimal ₹1,270–1,300 Crores (~1–2%), with the remaining 96–97% residing in the Retail, Agriculture, and MSME (RAM) segments. Though the stressed book has moderated from the past, Union Bank's ability to limit slippages from this book will remain a near-to-medium-term monitorable.

  Furthermore, persistent geopolitical uncertainties and adverse macroeconomic developments—particularly across MSME and retail segments—remain key monitorables for overall asset quality

RATING SENSITIVITY FACTORS

Positives: Nil

Negatives:
- Decline in Stakeholding of the Government of India (GoI) below 51% to the bank
- Weakening of capital cushioning levels of less than 1% over and above the minimum regulatory requirements of CRAR (11.5% and Tier 1 ratio of 9.5%)
- Significant deterioration in asset quality of the bank, impacting the earnings profile

LIQUIDITY POSITION - STRONG

There were no negative cumulative mismatches across the buckets up to 5 years as per the ALM statement for the period ended 30 June 2026. LCR as on 30 June 2026 was 121.30% and NSFR was 118.72% against the regulatory minimum requirement of 100%. SLR investment as on 30 June 2026 was Rs 2,67,940 Crores as against required investment of Rs 2,31,006 Crores (18% of DTL), and Non-SLR investment was Rs 66,054 Crores.

ESG PROFILE: ENVIRONMENTAL, SOCIAL, GOVERNANCE

The Bank demonstrates an Adequate ESG profile based on its environmental, social, and governance practices. The ESG profile for financial sector entities typically factors governance as a key differentiator.

Environmental: The bank has a board-approved ESG policy in place and is a member of the India Green Building Council. The bank has extended support for green or sustainable financing products and has a green finance portfolio of $ 4158 Million.

Social: The Bank has sanctioned 1817 applications of $34 million in Q1FY 2027 under the Union Nari Shakti scheme. Bank has organised an ESG event, Union Bank Climate Dialogue, during Mumbai Climate Week 2026 - the flagship Global South platform for accelerating climate action.

Governance: The Bank has multiple policies in place for the effectiveness of investor and stakeholder grievance-redressal mechanisms, like Whistleblower Policy, Related Party Transaction Policy, Policy on Sexual Harassment of Female/ Male/ Transgenderas well at workplace (Prevention, Prohibition and Redressal)

COMPANY PROFILE

Industry Classification			
Macroeconomic Indicator	**Sector**	**Industry**	**Basic Industry**
Financial Services	Financial services	Banking	Banks

Union Bank of India is one of the leading public sector banks of the country. The Bank is a listed entity, and the Government of India holds 74.76 percent in Bank's total paid-up capital as of 30 June 2025. The Bank, having its headquarters at Mumbai (India), was registered on November 11, 1919, as a limited company. It has a network of 8600+ domestic branches, 8900+ ATMs, 74,600+ employees and 25,200+ BC Points. The Bank also has 2 branches overseas at Dubai International Financial Centre (UAE) & Sydney (Australia); 1 banking subsidiary at London (UK); 1 banking joint venture in Malaysia; 4 para-banking subsidiaries (domestic); 2 joint ventures and 1 associate -Andhra Pradesh Grameena Bank.

KEY FINANCIAL INDICATORS

Standalone Financial Indicators	Units	FY 24 (A)	FY 25 (A)	FY26 (A)	Q1FY27 (UA)
Total Business	Rs. in Crs	21,26,412	22,92,644	23,85,502	23,79,697
CD Ratio (Domestic)	%	*73.06%*	*74.48%*	*80.40%*	*83.38%*
CASA ratio(Domestic)	%	*33.58%*	*33.52%*	*35.21%*	*35.10%*
Gross NPA	%	*4.76%*	*3.60%*	*2.82%*	*2.65%*
Net NPA	%	*1.03%*	*0.63%*	*0.48%*	*0.47%*
Networth	Rs in Crs	87801	104562	117871	*128928*
Net Profits	Rs. in Crs	13,648	17,987	18697	5332
Net Interest Margin	%	*3.10%*	*2.91%*	*2.70%*	*2.80%*
ROA	%	*1.03%*	*1.26%*	*1.25%*	*1.36%*
CRAR	%	*16.97%*	*18.02%*	*18.10%*	*18.46%*
CET-I	%	*13.65%*	*14.89%*	*15.69%*	*16.38%*

*annualised

A: Audited UA: Unaudited

RATING HISTORY FOR THE PREVIOUS THREE YEARS

S. N	Instruments	Current Rating (Sept 2026)			Rating History					
					FY 2026		FY2025		FY2024	
		Type	Amount Outstanding (Rs in Cr)	Rating	Date	Rating	Date	Rating	Date	Rating
1	Tier II Bonds (under Basel III)	Long Term	1000.00	BWR AAA/ Stable (Reaffirmed)	**18 Sept 2025**	BWR AAA/ Stable (Reaffirmed)	**20 Sept 2024**	BWR AAA/ Stable (Upgraded)	**22 Sept 2023**	BWR AA+ /Stable/ Reaffirmed
2	Additional Tier I Bonds (under Basel III)		0.00	Withdrawn on redemption (Rs.500.00 Crs)	**18 Sept 2025**	BWR AA+ / Stable (reaffirmed)	**20 Sept 2024**	BWR AA+ / stable (Upgraded)	**22 Sept 2023**	BWR AA/ Stable/ Reaffirmed
3	Additional Tier I Bonds (under Basel III)	Long Term	0.00	Withdrawn on redemption (Rs.1205.00 Crs)	**18 Sept 2025**	BWR AA+ / Stable (reaffirmed)	**20 Sept 2024**	BWR AA+/ Stable (Upgraded)	**22 Sept 2023**	BWR AA/ Stable (Reaffirmed)
	Total		**1000.00**		**Rupees One Thousand Crores Only**					

COMPLEXITY LEVEL OF THE RATED INSTRUMENTS

Instrument	Complexity Indicator
Tier II Bonds (under basel III)	Highly Complex
Additional Tier I bonds (under basel III)	Highly Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on BWR's website www.brickworkratings.com/download/ComplexityLevels.pdf

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY: None with other CRA

Any Other Information: Not Applicable

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Union Bank of India

ANNEXURE I- Details of instruments

Name of the instrument	Long term/ Short term	ISIN Particulars	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (Rs. Crs)	Rating Assigned and Outlook	Regulator
Tier II Bonds (Basel III)	Long term	INE112A08051^	08-Nov-2019	8.93%	08-Nov-2029	1000.00	BWR AAA/ Stable	SEBI
Total	Rupees One Thousand Crores Only					1000.00		

^ Issued by Corporation Bank and, on amalgamation, transferred to Union Bank of India.
Note: On the Additional Tier I bonds (under Basel III) of Rs.1705 Crores of the bank rated by BWR, the Debenture Trustee (IDBI) vide email dated 16th Dec 2025 and 12 Jan 2026 confirmed full redemption of bonds by exercising call option of INE692A08110 (redeemed on 15 Dec 2025) and of INE692A08128 (redeemed on 9th Jan 2026), respectively. Since these are redeemed in full, these are excluded from the table above

ANNEXURE II - Details of Bank Loan Facilities: Not Applicable

Type	Facilities	Tenor	Bank 1	Bank 2	Bank 3	Total	Regulator
NA	NA	NA	NA	NA	NA	NA	NA

ANNEXURE-III
List of Entities Consolidated: Not Applicable

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
NA	**NA**	**NA**	**NA**
NA	**NA**	**NA**	**NA**

Annexure IV: List of Instruments and Names of Regulators of the Instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

No.	Instrument/Activity Name	Regulator of the Instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* $	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs,HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI

17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts $	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
22	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
23	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.
~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Brickwork Ratings India Private Limited (BWR) shall separately capture the rated quantum details along with names of respective regulators.
^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
# There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.
@ These ratings were assigned during the regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and the investor-side regulators have accordingly been included.
$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

B.	Other Activities	Regulator of the Instruments
1	Monitoring Agencies	SEBI
2	Research activities incidental to rating such as research for Economy, Industries and Companies *	NA

Grievance Management

For any grievances relating to rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

For any grievances relating to rating of instruments regulated by other FSRs (Financial Services Regulators), please contact grievance@brickworkratings.com

Disclosure of Conflict of Interest

BWR Board of Directors has no influence over rating decisions, nor do they sit on the rating committees or review, discuss, or evaluate any credit ratings during the Board meetings.

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and is accredited by the Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. Canara Bank is Brickwork's strategic partner.

Brickwork offers credit ratings of Bank Loans, non-convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporate and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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