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महोदया Madam/महोदय Sir,

**Subject:** Reporting under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of Regulation 30 read with clause 3 of Para A of Part A of Schedule III and Regulation 55 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and SEBI Master circular no. SEBI/HO/DDHS/DDHS-POD2/P/CIR/2025/101 dated July 11,2025; we wish to inform that on 25<sup>th</sup> February 2026 the rating agency has affirmed/upgraded the ratings of the Union Bank of India as per following details:

Sr. No.	Parameter	Name of the Credit Rating Agency	Credit Rating assigned	Outlook (Stable/Positive/Negative/No outlook)	Rating Action (New/Upgrade/Downgrade/Reaffirm/Other)	Specify other rating action	Date of Credit Rating	Verification status of Credit Rating Agencies	Date of Verification
1	Long Term Issuer Default Rating	FITCH Ratings	BBB-	Stable	Affirmed	NA	25-02-2026	Verified	25-02-2026
2	Short Term Issuer Default Rating	FITCH Ratings	F3		Affirmed	NA	25-02-2026	Verified	25-02-2026
3	Viability	FITCH Ratings	bb		Upgraded	NA	25-02-2026	Verified	25-02-2026
4	Government Support	FITCH Ratings	bbb-		Affirmed	NA	25-02-2026	Verified	25-02-2026
5	LT IDR (xgs)	FITCH Ratings	BB(xgs)		Upgraded	NA	25-02-2026	Verified	25-02-2026
6	ST IDR (xgs)	FITCH Ratings	B (xgs)		Affirmed	NA	25-02-2026	Verified	25-02-2026

xgs - Ex-Government Support

Thanking you.

भवदीय Yours faithfully,

(Ashish Mishra)  
Company Secretary

Cc to: IDBI Trusteeship Services Ltd.

## RATING ACTION COMMENTARY

# Fitch Affirms Union Bank of India at 'BBB-/Stable; Upgrades Viability Rating to 'bb'

Wed 25 Feb, 2026 - 6:13 am ET

Fitch Ratings - Singapore/Mumbai - 25 Feb 2026: Fitch Ratings has affirmed Union Bank of India's Long-Term Issuer Default Rating (IDR) at 'BBB-'. The Outlook is Stable. At the same time, Fitch has upgraded Union's Viability Rating (VR) to 'bb' from 'bb-'. In addition, Fitch has affirmed the Government Support Rating (GSR) at 'bbb-' and the Short-Term IDR at 'F3'.

A full list of rating actions is below.

## KEY RATING DRIVERS

**Government Support Underpins IDR:** Union's Long-Term IDR and GSR are equalised with the Indian sovereign's IDR (BBB-/Stable), reflecting our view of a high probability of extraordinary state support for Union, if needed. This takes into consideration the state's 75% ownership, the bank's size and its pan-India franchise, and our assessment that the state has a strong propensity to support the banking system in general. The Stable Outlook on the IDR mirrors the Outlook on the sovereign's IDR.

**VR Upgrade:** The upgrade of the VR to 'bb' is supported by improvements in the bank's financial profile, including asset quality, capitalisation and profitability, which we expect to be sustained in an improving operating environment (OE). We also have positive outlooks on most other rating factor scores, which mirror the outlook on the OE and reflect the potential for higher scores if the OE score is revised upward.

**Improving Operating Environment:** We recently revised the outlook on Indian banks' OE score to positive, from stable, reflecting our expectations of reduced sector risks due to the Reserve Bank of India's enhanced regulations and supervision.

The positive outlook on the OE indicates potential for an upward revision of the 'bb+' score if Fitch assesses the sector's strengthened regulatory regime and improved financial performance as sustainable, with several key financial metrics close to when

the score was last at 'bbb-' in the years prior to 2019. The outlook is also supported by India's large and diversified economy and its strong medium-term growth potential - consistent with Fitch's forecast of GDP growth above 6% through the financial year ending March 2027 (FY27).

**Nationwide Franchise:** Union's business profile score reflects its large franchise as India's fifth-largest state bank. However, the bank can be occasionally subject to government influence on lending, similar to other state-owned peers. The bank's status should sustain business and profit generation, particularly in an improving OE.

**Better Risk Oversight:** Fitch has revised Union's risk profile score to 'bb-', from 'b+'. This reflects greater loan diversification, improved underwriting standards and risk controls that have reduced corporate loan risk and lowered fresh impaired loan formation, and limited exposure to unsecured retail loans.

The positive outlook on Union's risk profile score reflects potential for a higher score if the bank can effectively manage loan growth risks as expected by Fitch, and the OE score is revised upwards. However, Union's history of cyclical growth and risk appetite are risks for the VR.

**Asset Quality to Stabilise:** We have revised Union's asset-quality score to 'bb-', from 'b+', as we expect the impaired-loan ratio to stabilise around 3%. The ratio fell by 50bp to 3.1% in 9MFY26, broadly in line with Fitch's expectations. Credit costs fell to 0.3% of loans, with specific loan-loss cover rising by 100bp to 84% (168% including other loan provisions by our estimates). The positive outlook on the asset quality score reflects the potential for a higher score if the recent improvements are sustained as expected by Fitch.

**Improved Profitability:** We have revised Union's earnings and profitability score to 'bb', from 'bb-'. The revision reflects the improved profitability in recent years and our expectation that the operating profit/risk-weighted asset ratio, which was 3.1% in 9MFY26, will be sustained close to 3%. The ratio fell by 20bp in 9MFY26 due to slightly lower margins and loan growth, but treasury gains and lower credit costs partly offset the impact.

**Larger Capital Buffers:** Fitch has revised the bank's capitalisation and leverage score to 'bb', from 'bb-'. We expect the common equity Tier 1 (CET1) ratio, which reached 15.7% including profits in 9MFY26, to be sustained more than 400bp above our 10% 'bb' category threshold in the near term. The loss-absorption buffer also improved in 9MFY26, with the net impaired loan/CET1 ratio reaching 4.9% (FY25: 5.8%).

**Stable Funding and Liquidity:** Customer deposits comprised about 94% of total non-equity funding in 9MFY26, with a liquidity coverage ratio of 124%. We estimate the loans/customer deposits ratio rose by about 800bp to 85.7% in 9MFY26, but still below the peer average of about 87%. Funding and liquidity remains a strength for Union, similar to other state-owned banks.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

The Long-Term IDR and GSR could be downgraded if we believe the sovereign's support for Union has weakened, which would be reflected in negative action on India's sovereign rating or reduced propensity to extend timely support.

The Short-Term IDR is mapped to the bank's Long-Term IDR, in line with Fitch's criteria, and will be downgraded if the Long-Term IDR is downgraded.

We do not expect the VR to be downgraded in the near term, given the improving OE. Nevertheless, a downgrade could occur if Union's risk profile weakens materially in our assessment and becomes more of a binding constraint on the bank's financial profile and loss-absorption buffers, increasing the risk of materially weaker financial metrics.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

Positive sovereign rating action could lead to a corresponding change to Union's Long-Term IDR, if Fitch believes that the sovereign's propensity to support the bank remains unchanged.

The bank's Short-Term IDR may also be upgraded if the sovereign's Short-Term IDR is upgraded. The likelihood of an upgrade based on the bank's intrinsic strength is low.

A VR upgrade is likely if we revise the bank's OE score to 'bbb-'. This would indicate lower system risks and would most likely result in upward revisions to most other rating factor scores, in line with the implied scores under our Bank Rating Criteria, provided the bank maintains broadly steady performance, as we expect. Union's risk profile will remain a key consideration in determining whether improved financial metrics are sustainable.

## **OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS**

**Ex-Government Support Rating:** Fitch has upgraded Union's Long-Term IDR (xgs) rating to 'BB(xgs)' from 'BB-(xgs)', in line with the bank's VR upgrade. The bank's Short-Term

IDR (xgs) is in accordance with its Long-Term IDR (xgs) and the short-term rating mapping outlined in Fitch's criteria.

## **OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES**

The bank's Long-Term IDR (xgs) will move in tandem with its VR. Its Short-Term IDR (xgs) is sensitive to changes in its Long-Term IDR (xgs) and is mapped in line with Fitch's criteria.

## **VR ADJUSTMENTS**

The OE score of 'bb+' is above the 'b' category implied score due to the following adjustment reasons: economic performance (positive), and size and structure of economy (positive).

The business profile score of 'bb+' is below the 'bbb' category implied score due to the following adjustment reason: management, governance and strategy (negative).

The asset quality score of 'bb-' is above the 'b and below' category implied score due to the following adjustment reason: historical and future metrics (positive).

The funding and liquidity score of 'bbb-' is above the 'bb' category implied score due to the following adjustment reason: deposit structure (positive).

## **Sources of Information**

The principal sources of information used in the analysis are described in the applicable criteria.

## **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

## **PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS**

Union's IDRs are driven by India's sovereign rating. A change in the sovereign's IDRs would likely be reflected in Union's IDRs.

## **ESG CONSIDERATIONS**

Union has an ESG Relevance Score of '4' for Governance Structure, in line with similarly rated state-owned banks. This reflects our assessment that key governance aspects - particularly board independence and effectiveness, ownership concentration and

protection of creditor or stakeholder rights - have a moderate influence but are negative for Union's credit profile, and relevant to the ratings in conjunction with other factors.

The board is dominated by government appointees, and business models often focus on supporting government strategy, with lending directed towards promoting socioeconomic and macroeconomic policies. These factors also drive our view on the bank's state linkages. This affects the support prospects that drive the long-term ratings.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/topics/esg/products#esg-relevance-scores](http://www.fitchratings.com/topics/esg/products#esg-relevance-scores).

## RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕			PRIOR ↕
Union Bank of India	LT IDR	BBB- Rating Outlook Stable		BBB- Rating Outlook Stable
	Affirmed			
	ST IDR	F3	Affirmed	F3
	Viability	bb	Upgrade	bb-
	Government Support	bbb-	Affirmed	bbb-
	LT IDR (xgs)	BB(xgs)	Upgrade	BB-(xgs)
	ST IDR (xgs)	B(xgs)	Affirmed	B(xgs)

[VIEW ADDITIONAL RATING DETAILS](#)

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## **APPLICABLE CRITERIA**

[Bank Rating Criteria \(pub. 22 Mar 2025\) \(including rating assumption sensitivity\)](#)

[Financial Institutions Climate Vulnerability Rating Criteria \(pub. 09 Dec 2025\)](#)

## **ADDITIONAL DISCLOSURES**

[Dodd-Frank Rating Information Disclosure Form](#)

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Union Bank of India

EU Endorsed, UK Endorsed

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