Management Discussion

V.B. Sahay - Deputy General Manager, Head of Investor Relations, Union Bank of India
Thank you, sir. Good afternoon, ladies and gentlemen. I, V.B. Sahay, Head of Investor Relations, welcome you all to the Union Bank of India earnings con call for the period ended September 30th, 2026. The structure of the con call includes a brief opening statement by our respected MD and CEO, sir, and then the floor will be open for interaction. Before getting into the con call, I will read out the usual disclaimer statement. I would like to submit that certain statements that may be discussed during the investor interaction may be forward-looking statements based on current expectations.

These statements involve number of risks, uncertainties, and other factors that cause the actual results to differ from the statements. Investors are therefore requested to check this information independently before making any investments or other decisions. With this, I now request our MD and CEO, sir, for his opening remarks. Thank you, and over to you, sir.

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Am I audible to the coordinator?

Operator
Yes, you are. Please go ahead.

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Thank you. Thank you. So, thanks to Mr. Sahay and to coordinator. And good afternoon, everyone. And it gives me great pleasure to welcome all of you to Union Bank of India, your bank financial results announcement for the quarter ended 30th September, 2026. With this, I have also concluded my first year in the bank and happy to interact with you for last four or five quarters.So, before I take you through our performance, first of all, my all best wishes on the today, Durga Ashtami, Navani, and all festivities which are lined up in the month of October and November. With this, let me briefly set the context and share a few remarks. So, let me begin by saying that in Q2 '26-'27, our country, our Bharat, our economy, and the banking sector have continued to demonstrate remarkable resilience, despite persistent global headwinds.This is supported by strong domestic fundamentals, macroeconomic management, and timely policy interventions. We need to acknowledge that the half-year '26-'27 was deeply affected by West Asia conflict, apart from El Nio effects and AI-led disruptions, with various channels of impact on our macro and market via oil prices, overall inflation, trade linkages, logistics, capital flows, and market movements. I would like to acknowledge the consistent support extended by the Government of India as well as our regulator, Reserve Bank of India, both mitigating the impact of external disruptions.Major state-aimed safeguarding and supporting businesses, particularly MSMEs, have helped preserve confidence across the country in their financial system. The RBI's policy measures to attack dollar flows, including the FCMR and ECB schemes, bolstered liquidity within the banking system. As a result, the banking sector has continued to demonstrate strength with system credit and deposit growth, standing at around 19.4 and 17.8 YoY, respectively. Against this backdrop, your bank, the Union Bank, has also shown a sustained pickup in business growth. We continue to execute the strategic priorities that we have consistently highlighted in our previous various interactions, with a sharp focus on aligning our advanced growth with the overall banking system while staying cognizant of long-term business sustainability, profitability, and stakeholder value creation in an uncertain macro environment. Friends, as we have interacted earlier, we have very clear five defined strategic pillars: efficiency,

robustness, quality, sustainable growth, profitability, and customer-centricity with ease of doing business for both customers and employees.Let me dwell in between on these five pillars. With efficiency, we clearly mean the proper capital deployment, technology deployment, the human resource development, building efficiencies in banking operations. So, creating efficiencies in whatever we do, how we can create the efficiencies.When we talk about robustness, it is a good compliance culture in a bank, not an instance-based and a strong cybersecurity posture, resilient monitoring systems, quality credit book, and so forth, so on. So, third is the quality and sustainable growth. So, we pursue, and we have been talking on this topic that how when growth is coupled with the Union Bank business, how the quality will be maintained. I think this gives some color on that as well. The next point is profitability. Yes, when we talk about profitability, so interacting with various press people, investors, analysts, we come to know that there are various points which we can showcase.So, one was the core ROA. So, this time our presentation clearly shows what is the core return on assets. That is excluding the TWO and the treasury income. And similarly, ROA, RWA, which is one of the good parameters to discuss upon is also the showcase. So, if you see, the last pillar is customer centricity with ease of doing business for customers and employees both. So, when we are combining all these five pillars, we are working upon the same.And today's result is in line with those pillars. So, while maintaining as far as the various things which are the best as far as the union bank is concerned, like profit, like ROA, like the stress SME level, which is the lowest in the bank up till now in the history after amalgamation. Similarly, your ROE and the NIM, which has rebounded well from 2.64 level to 2.86. So, I think we have given a very clear picture that how things, there are certain initiatives which we have taken last quarter, which we have also showcased. Probably I am very sure that the presentation and this presentation you all are having with you. So, at Union Bank of India, our commitment remains anchored in our guiding principle, business first and compliance always. We aspire to remain a trusted partner for our customers, investors, regulators, and all stakeholders while contributing meaningfully to the Indian banking ecosystem.Equally important, our workforce of over 74,000 employees continues to embody our enduring philosophy, achche log, achche bank, good people to bank with. In fact, some of the transformational initiatives we undertook this year, such as Union Sudarshan, they are all developed in-house. So, I think this is very, very important.It is the state-of-the-art, unique in the industry, and at a minimal cost. And I think the shortest period of time will be six to seven months, this entire infrastructure and the unit is built. I will detail it in shortly.I am also pleased to share that during the quarter, the bank received several prestigious recognitions. One is in the Rajbhasha Kirti Puraskar, our Union Bank has got the prize from the Honorable Home Minister's hands in the event held in mid-September in Navi Mumbai. And another is the secured third rank in the overall EASE 9.0 Q1 FY26-'27 performance ranking among all 12 public sector banks, reflecting our continued focus on customer centricity, operational excellence and digital transformation. Let me in a brief cover up on the financial performance. So, profitability, net profit for Q2, INR5,537 crores, registering a growth of 30.31 YoY. OP is INR8,108 crores, reflecting a robust growth of 19% almost, 18.99 precisely. As consistently communicated to investors, and there was a question that if you grow and whether you have to take deposits or maybe various questions that whether the Union will sustain. So, we improved further from the last quarter of 2.80 to 2.86 and remain above the full year FY25-'26 level of 2.70. With the initiation of rate hike cycle, certainly we believe it will be constructive to the banking industry and to us also which we can deliberate further. Additionally, the FCNRB, let me acknowledge, compliment the Reserve Bank of India who came with this perspective.And it is not only the liquidity or maybe the dollar inflows to the Indian economy, but I think the major benefit is

the ALM because our almost 70% is the five-year term. So, it is giving a very good sustained resource for next three to five years. So, coming to our profitability, return on assets is 1.38, which we have inched further up. Return on equity at 17.21, capital position we stand at 17.94, CET1 is 16.05. I think now almost most of the part of CRAR is based upon CET1. And these levels provide significant growth headroom while maintaining strong resilience against any external shocks. Asset quality, gross NPA declined by 87 bps, YoY to 2.42, net NPA improved to 0.42, down by 13 basis points YoY. PCR remained strong at 95.20. Credit cost contained at 21 basis points, reflecting disciplined underwriting standards, effective recovery efforts despite persistent geopolitical volatility. The improvement was supported by a sustained modification in the slippages. The slippage ratio improved to 0.72 compared with 0.91 in the corresponding period last year.Yes, the gross slippage during the quarter stood at INR1,909 crores, which we have moved and offset by a reduction of INR3,086 crores by the recovery setup conditions. Coming to the deposits and liability franchise, our deposit grew by 6.88 YoY basis, and the CASA ratio is stable at 35, improving significantly from 32.56 a year ago, demonstrating the success of our ecosystem banking initiative, which we have talked many a times during our interaction. On a year-on-year basis, our combined RTD and CASA, this is what we say is our first priority, is nearly grown by 1.11 lakh crore, registering growth of 11.41percentage. Also, if we take the color of our deposit, the share of various components, so CASA retained term deposit increased to 80.3 from 77 in September '25. So, let us talk about average to terminal deposit ratio, which remains at 99%, and which is very, very good. And correspondingly, if we take CASA to terminal average to deposit, it is around 95-96%. So, let me say that the bank which we told efficiency, to build efficiency, we are working on average figures.So, let me again reiterate that yes, your bank, Union Bank, is working upon the average figures rather than much of the terminal figures. So, our global advances continue towards a healthy momentum at 18.53 YoY, domestic advances grew by 17.36. And coming to the RAM, which is global level 55.45, where domestic is 57.43. And if we take the impact of shedding off 33,000 crore of IBPC, which shed off, and also some of the low-yielding assets, I think the actual growth is more than 20-21% in that range. So, return advances grew by 11.24, MSME by 22.39. And this is the way in which we are going for a sustainable growth in various quarters to quarters. So, as a green shoot in private sector capex, we are seeing the next phase of credit growth in economic activity, whether it is data centers or AI infrastructure, nuclear, renewable power, and some of the conventional sectors like steel manufacturing, I think these are picking up including pharmaceuticals. So, this is giving a good sort of a comfort to we bankers that the -- going ahead as well, there is a good phase of credit growth in economic activity. So, coming to the vision ahead for Union Bank of India, the journey ahead is not only about growth, it is equally about transforming the way we operate and serve our customers.As we navigate short-term uncertainties, our focus remains only on long-term sustainable growth and strategic transformation. We are pursuing this transformation through a balanced combination of intelligence, automation, and human oversight. Various initiatives will be detailed in a comprehensive.So, actually, to all my friends who have joined, my request is in our website and various JEM portal and all, you will find an RFP, Project Muskan, known as Project Muskan, which encompasses, I think, nine pillars, I think very, very different from last 15, 20 years, which you would have seen any bank coming with various RFPs. So, this RFP is covering nine pillars and what sort of five pillars we are talking, the same sort of pillars are being talked in this RFP as well. It is unique in a sense, and certainly it will create a lot, much impact.But let me tell you, friends, we are already working on this, which we have showcased in our -- in this presentation, and two of the pillars, which we thought initially, are already completed, in which Union Sudarshan is one. And

other pillars, which even show 90 percent, sorry, nine pillars, there is the work already done. So, it is not that we are waiting for any consultant or any to come and start the program.So, from moving from one pillar to nine, with many of them, we are somewhere from 20% to 40% of the work is already done. So, actually, we are very poised to complete that project, which is, I think, I would request all of you to please see section three of page 30 to 35 in that RFP. So, the objective is straightforward, to move from reactive management to proactive and intelligence-led banking and managing the things.Another important pillar of our transformation generally is robotic process automation, and where high-volume, repetitive, and rule-based activities to be executed automatically with a greater speed, consistency, and accuracy. So, we are now close to 100. We are now, we started this, and now we are almost close to 100. But by March '27, we expect to cross maybe near around 200, and by next March, not this, but '28, we want to cross somewhere between 400 to 500 processors. I think that will give a lot of ease of doing business, a lot of accuracy, consistency, and customer service. I think that is the whole purpose of this.We also have a cross-functional team in the concept of Garage, which is prioritizing various operational technology-related issue faced by field functionaries, and we are improving day-to-day processes. We also have established central reconciliation. Actually, it is also part of an RFP, but let me brief you that it is headed by -- unit is headed by CGM at Hyderabad, almost more than 200, 300 people working over there, our in-house, and also some of the outsourced, but the entire reconciliation, because once we become robust, it will lead to business.That is what correlation we have seen in our bank, that if we improve in the compliance and assurance function, it has a direct impact on the business growth. So, I think that is where we are moving into that direction. I would therefore say that the Union Bank of India is steadily building the necessary capabilities, strengthening our data architecture, enhancing workforce skills, and creating the right balance between technology adoption and human oversight.In conclusion, I would like to express my sincere gratitude to our customers, shareholders, investors, board members, my board has really helped us, regulators, and all other stakeholders for their continued trust and support, and I would also like to express my gratitude to all our investors. Whenever we had interaction, you have always gave a suggestion to include that in our to-do list, where we, from quarter to quarter, month to month, we have tried to improve upon those. So, I think my gratitude to all of you for being with us and giving us a lot of solutions for improvement.As our India, our Bharat enters into the next phase of economic growth, the banking sector is well positioned to support this transformation, and your bank, Union Bank of India, is determined to play a much meaningful role in this journey. We will continue to combine resilience with innovation, scale with efficiency, and technology with human judgment. So, thank you and over to you, Sahajji, and over to the coordinator and all the investors for the interaction, please.

Operator
Shall we open the line for questions?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Yes, please.

Questions & Answers

Operator
Thank you. We will now begin the question and answer session. [Operator Instructions] The first

question comes from the line of CA Dr. Ashok Ajmera, Chairman, from Ajcon. Please go ahead.

Ashok Ajmera - Analyst, Ajcon Global
Thanks for giving me the opportunity. Congratulations, Asheesh sir, and the entire team of the Union Bank of India for the fantastic set of numbers, sir. In fact, your presentation beyond the numbers and the presentation, your verbal communication of more than 20 minutes now has really given the great highlights about the bank and what the bank is going to do even in the future also, which is one of the best opening remarks so far in the four or five banks who have declared their results. My compliments to you, sir, for the same.And you have, in fact, clarified most of the questions which were there in the minds of analysts like me. I have a few observations and some few data points and some information and some action plans on some of the items, which I will just narrate. Sir, the credit growth has come back now in the bank in the last one year of your tenure. And before that, the four or five quarters, I mean, all those shortcomings, you have removed and the bank has again come back and brought its old glory.But going forward or even looking at these numbers also, the deposits are still a little bit lagging in spite of the opportunity of raising the deposits by way of this US dollar dispensation by the RBI, FCNR, and other things. And that is making our CD ratio also very, very high, one of the highest, 88.13%. So on that front, what do you think? Like this kind of CD ratio is okay or it may go to even 90% or whether you still feel that the deposit growth needs to be accelerated to match your credit growth? This is my just first question, and I would welcome your answer, sir.

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Sure. Thanks a lot, Ajmera saab, for your queries. And we always take your queries as an improvement and to further -- how to make the bank more better. So coming to the deposits, as you said, in our case is lagging. So certainly this last two, three quarters, we are in the discussion. And let me tell you that earlier our deposit growth used to be either negative or it was below 3%, and now this time it is 6.8% and almost 7%. We are not averse to deposit.So I will give your reply into two, three pillars. One is our first priority is CASA and RTD, no doubt in that. So we have actually garnered 1.11 lakh crore in these two. So this is our priority for sure, and we are maintaining 35% around. Even from June to now, INR10,000 crore of CASA is there, which is a sluggish period if you see June and September. And from December and March, it is a period where most of the funds are released as far as the various budgets are concerned.So we have taken -- now the question is that with the sources, we are sitting at almost 18% of the CRAR and more than 16% of the CET1. So we do have a very good leverage.The most important, I believe, the parameter to see the deposit and credit growth is the LCR and the NSFR. LCR, if you see our presentation, is 120% average we have maintained in the entire quarter, which clearly shows that we are 20% more than the prescribed regulatory guidelines. NSFR is also on a much, much comfortable side. So absolutely, we have not faced any issues on the liquidity. So we have maintained very well. The next is what other resources are available to the bank for raising the funds for deploying into the credit. Those are refinances from various refinances, the infrastructure bond, the ESPS. Certainly we are not looking for QIP as such.And the third is the green bond and the other things, tier 1 and tier 2 capital. These are also the funds which are subscribed but will not come into the deposit, which will remain into the system and which you can deploy for a better quality of the credit growth. Now, I think when we required, we increased from 2.5% to 6.8, 7 percentage. So certainly I will assure on that absolutely that is not an issue. So when we increased from 2% to 2.5% to 7%, then also we have maintained our NIM and all the efficiency ratios. Now coming to the US dollar, since beginning the last quarter as well, when it

was asked to us, we were very clear that we aimed at 2 billion to garner under the special window scheme of RBI of US dollar FCNR.We actually garnered 2.25, so absolutely that is not an issue. And our total, all in cost, including everything, is around 7 and 43 bps is the margin -- 40 plus bps is the margin with our foreign branches. So I think we are well within cost into that. And coming to the CD ratio, we always said that for -- let us see that domestic CD ratio or loan to deposit ratio is something different and the global is something different. Global is always higher and domestic is always lower. So if you take the domestic, we are at around 84%.So we always believe that somewhere between 80 to 84, 85 is a quite comfortable range. Subject to, it is not very specific some range for every one fixed size for all. It is for the various banks to banks and their capital structure and their other efficiency ratios. So we have well within the range of all the ratios, all the liquidity ratios. We are well within the range of, say, 84%. And that's the reason that you can see that this time only after listening to the analyst, which all of you, they subjected, they guided us that why don't you come with a core ROA because the treasury income has gone down like anything , almost 50%, 46% precisely has gone down because of the market condition y ou all know much better than me. So I believe that the core ROA has moved 41, 42 basis points to 1.06, and the ROA in general is 1.38, and ROA/RW is also one of the figures which generally people told that why Union Bank is not showing where you are having the very good. So it is at 2.48 levels. So I think that all the investors, that we are in the credit growth, and to support that credit growth, whatsoever deposit growth is required, or maybe the raising the money in terms of infrastructure bond or a green bond or a Tier 1, Tier 2, or anything, we will be going for it to fund that, and we'll be substantially covering the liquidity ratios as desired by any of the participants in the industry.

Ashok Ajmera - Analyst, Ajcon Global
Point well taken, sir. You have very well explained it. My second question is on the total impact of the ECL provisioning and especially with the yield hardening and there will be, I think, HTM mark-to-market also will have to be provided for. So what is the revised number of the ECL and the impact of the ECL overall in the how many basis points it can be over a period of time? Coupled with that, the benefit of the rate hike or recent rate hike by the RBI, how many basis that can offset the overall ECL impact?

Like maybe the profitability may increase by 7-8 bps point because of the rate hike which is going to be factored in. And already whatever the repo-linked credit I mean, loans are there, the rates must have already gone up, whereas the deposit rates are not going to go up matching soon. So overall, what will be the impact and how are we prepared for the ECL provisioning, sir?

Nitesh Ranjan - Executive Director, Union Bank of India
Yeah, Ajmera ji, earlier also we had shared the ECL impact on us. And somewhere in the range of 5,500 crore we had said will be the impact of ECL on Union Bank of India. But I also like to add here that since the quarter of March, we have till now added around 1,000 crore of additional buffer in provisions. 700 crore we did in March, 100 crore in the quarter of June, and this quarter also 200 crore we have kept as an additional provision, which as of now appears to be that we will be able to use for the ECL provision.

So that is 5,500 crore is our total estimate. Of that, 1,000 crore we have already provided for right now. 5,500 crore, if you look at from the impact on the RoA, we have around, I think, 8 lakh crore of RWA.

V.B. Sahay - Deputy General Manager, Head of Investor Relations, Union Bank of India
Yes.

Nitesh Ranjan - Executive Director, Union Bank of India
So from that perspective, 70 basis points is the impact on CET if we absorb separately, but you are also looking at our profitability numbers per quarter. So one quarter profit itself is quite sufficient to bear this ECL provision despite RBI having given multiple years. The second part that you asked about the impact of the bond yield, I think these are very moving parts. First is that as on date, the balance sheet, what is the impact on ECL, which I have shared. Remaining things are moving part, something will be positive, something will be negative.

For example, as you said that the bond yield obviously it impacts the valuation of the bonds, but at the same time when the interest rates are rising and you are very much aware that it will first give us advantage in terms of increase in the net interest margin. So I think these moving parts, they offset each other generally. We should be at this point of time should be taking INR5,500 crore as the possible impact of ACL, of which bank has already created a buffer of around INR1.5 crore.

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Yeah, just to supplement, Ajmera saabh, we talked about in my address, we talked about five pillars. Actually, what our Nitesh sir is saying is absolutely true. In today's dynamic world, disruptive world, all these things will be happening somewhere or the another in tits and bits and pieces. So certainly, if you have to be robust enough to absorb these shocks and keep moving your business and profitability with robustness and sustainability, so in sustainable way, probably I think we need to work upon those five pillars which we are working.

So that is what actually he also meant to say. That these are the things which will keep on happening. Sometimes it will come down, it will move up. But the thing is that now if you see our presentation today, the treasury income has gone down by almost 45-46%, but.

Ashok Ajmera - Analyst, Ajcon Global
Yes.

Asheesh Pandey - Managing Director and CEO, Union Bank of India
But our core fee income has increased by 22.90%, that is almost 23%. So we are actually concentrating on very, very core business of the bank and to build the robustness within the efficiency f rom the core business itself.

Ashok Ajmera - Analyst, Ajcon Global
Yes, sir. Hello? Hello?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Yes, sir.

Ashok Ajmera - Analyst, Ajcon Global
I think there is some disturbances. Hello?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Yes, yes, we are there. Over to you.

Ashok Ajmera - Analyst, Ajcon Global
Sir, your views on this drought impact, sir. Now the conditions are deteriorating on the rains, monsoon front. And the droughts are being declared in every state, drought conditions. So how do you see? Have you taken that into consideration, started working on it, that how may -- i t may impact our business either from the normal recovery front or from the additional credit expansion front? So how the drought conditions are going to affect and how are we going to tackle this situation, sir?

Amresh Prasad - Executive Director, Union Bank of India
So actually, drought will not only affect our bank, but it will affect the entire banking industry. So it is -- right now we are not seeing any adverse impact on that yet. Let's see what happen in the next quarter. But yes, the government is also very proactive and they are taking the measures for protecting that . So whatever the government initiative will be taken, we will be participating in that. And previously also, whatever the debt waiver or whatever the government initiative has been taken, we have actively participated in that. Yes, sir. So as such, we do not see any adverse impact on our balance sheet.

Ashok Ajmera - Analyst, Ajcon Global
Okay, sir. Thank you very much for answering all my questions and giving such an elaborate presentation, sir. All the best to you all. And yes, I'll come back again if the time permits. Okay, thank you very much, sir.

Amresh Prasad - Executive Director, Union Bank of India
Thank you.

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Thank you.

Operator
Thank you. Next question comes from the line of Mahrukh Adajania with Tara Capital . Please go ahead.

Mahrukh Adajania - Analyst, Tara Capital
Yeah, hello sir, congratulations. Sir I had a couple of questions. Firstly, on savings deposits, the growth has been very good. A re there any institutional deposits here or they are all retail? Are there any bulk or institutional deposits?

Amresh Prasad - Executive Director, Union Bank of India
Yeah, it is mixed, but we are actually much -- t argeting up on the premium saving account and the salary accounts. So we have seen almost 1.8x sort of an increase in these two, three parameters. And institutional, I would say that there are some government accounts which are to be opened on a large scale in the savings bank only. It is as per the mandate of the various state and central governments. So comprise that as well. So that it includes both on the retail part in saving as well as on the institutional part.

But then institutional, we do not have the bigger chunk, say some 5,000-10,000 crore in saving of some distributors like that. We do not have. So it is basically for your query, I believe we should take that mostly it is retail, and even if it is institutional, it must be in a lower range of amount only. Not the higher, very higher range.

Mahrukh Adajania - Analyst, Tara Capital
Got it. But any quantification, how much is institutional?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
As of now, like, they're not keeping that data. So if you want, we can interact offline. But overall, saving bank deposit growth was 12% and overall CASA growth was 14.7% YoY. So I think we can give separately. Yeah.

Mahrukh Adajania - Analyst, Tara Capital
All right.

Asheesh Pandey - Managing Director and CEO, Union Bank of India
See I would tell you that there are certain -- the panchayat accounts and all that rural development, ground level block accounts and all those are there which we are saying as institutional.

Mahrukh Adajania - Analyst, Tara Capital
Got it, got it. That's so helpful, sir. So just one more question. I know it was asked earlier, but because bond yields are sticky, what will be the one-time impact of valuation of HTM when you transit to ECL, right? Because that impact one time is irreversible. That's why we want to know the quantum. I know , for that bond yields have to stay high. If they come off, then there's no impact, but just asking.

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Yeah, see, we have worked out something, first is that on the stage one, stage two, stage three, that around INR5,500 crore odd amount is going to come. Now there are two other parts. One is on the staff and other is on the this HTM. But see, there are certain clarifications and other things are there which are in under discussion at various -- s ome workshops are also happening. So we have also kept some advisor and consultant on this OFSA and ECL and all those things. S o we are working upon and all the banks are in discussion with that but one thing which I would ma'am Mahrukh I would like to give a comfort to you that what sort of things will come. Now bank is in a position right now to -- I would not say, absorb it or something. But let us understand that the way in which the banks, the industry itself is generating the profit and the sound business in terms of GNPA, NNPA, ROA, and all those things, particularly if I take your Union Bank, then all the things are on a very positive front, p ositive side.

So I think we are in a position to absorb those things without any much hiccups. That is much comfort level. But if specifically, if you are asking, we have worked out, we have worked out on various permutation combination as far as the various interpretation and understanding. But it is not prudent right now to come up with those figures because still under discussions, and there are some workshops happening. And also all the banks and IBBI, we all are discussing. But at the same time, as an investor, I certainly feel that you should have a comfort level on your bank that whatsoever, even the other side of the scenario also, we are in a position to absorb it very swiftly going forward.

Mahrukh Adajania - Analyst, Tara Capital
Got it, sir. And sir my final question is that, would you have any comments to offer on potential M&A in PSU banks?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Yeah, that is the same I am hearing like you are hearing. I also don't know much. Sometimes I also

ask investors, what exactly are you hearing? So I don't have anything. But when we talk, i n my address you would have heard the five pillars. So the thing is that our total focus is that quarter to quarter, how to take the bank into the next level of robustness. Robustness in terms of all the five pillars. Now I am not restricting that robustness only on the compliance and insurance and other things, but on all five.

If you build really on those 5 pillars, so certainly maybe this year, next year, next to next year, 5 years, we do not know the disruptive --- the world which we are living in, what is going to happen when. But at the same time, we know one thing that how to make the bank more better and robust so that any eventuality, any disruption, any shocks, any adverse shocks, we will be in a position to defuse it swiftly.

Mahrukh Adajania - Analyst, Tara Capital
That's so perfect, sir. Thank you so much.

V.B. Sahay - Deputy General Manager, Head of Investor Relations, Union Bank of India
Mahrukh, i n the meantime, I got the breakup of the saving portfolio. So overall, the growth YoY was 40,278, out of which 75% retail saving growth, 30,027, and only 25% was institutional saving growth, 10,240, right? So the growth is very sticky because majority comes from the retail portfolio.

Mahrukh Adajania - Analyst, Tara Capital
Okay, sir. Thank you. Thanks so much.

Operator
Thank you. Next question comes from the line of Jay Prakash Mundra with ICICI Securities. Please proceed.

Jai Mundhra - Analyst, ICICI Securities
Yeah, hi, good afternoon, and thanks for the opportunity, sir. I have a few questions. First is and sir on core ROA, so you have given core ROA for the first time. I believe have you -- you removed treasury and TWO recovery but it looks like the interest on IT refund you have also deducted that. Is that the understanding correct or apart from treasury and TWO, is there anything else also which is not there?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Only TWO recovery and treasury these two things we have removed.

Jai Mundhra - Analyst, ICICI Securities
Okay, sure. And, sir, now on write-off amount Actually, sir, if I see our last 2-3 years slippages have reduced materially the write-off amount we have done at around INR3800 crore in first half. I just wanted to check sir, how much of would this be, let us say, management driven and how much is because of the timing or regulatory timeline. I mean, how much is credential and how much is is timeline driven. The reason why I am asking is, if let us say, if you are focusing on core ROI then bank can actually reduce the write-off amount because the recovery from write-off anyway is not getting accounted in core ROI and if the reduced write-off then actually you can save on credit cost.That is what I was trying to understand of this first half write-off. How much is prudential and how much is time line driven? The reason why I am asking is, if let us say, if you are focusing on core ROA, then bank can actually reduce the write-off amount because the recovery from write-off anyway is not getting accounted in core ROA. If you reduce write-off, then actually you can save on

credit costs. That is what I was trying to understand of this first half write-off, how much is prudential and how much is time driven?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Yeah, see you can answer the -- because see, why let us understand Mr. Mundhra ji that how various parameters mean to us and mean to others. Here when we are saying core ROA, now actually we are trying to, you know, when you start building the efficiencies, you want to be more robust, resilient and so you create and try to benchmark again your own standards. So when core ROA we have taken, it is not like, you know, to write-off or not to write-off and all those things. It is very, very clearly that we are continuing with the same runway which we were continuing the last half year, not this one. The last, we had a one bigger account, that is why the amount was more. But if you see the last two quarters, we are continuing with the same run rate, and we have told very clearly that our target is around INR3,000 crores as far as the TWA write-off is concerned, recovery in the TWA is concerned for the full year. And the total recovery we want to be more than splippages .

So certainly in that range of 10,000 to 12,000 crores, certainly we are aiming. And this written-off also we are aiming in the same range. The treasury income which has inflicted a lot and probably will continue. So that is the reason that the ROE is 1.38, which is increased even there is a decrease of 46% in Treasury income and the 1 or 2 accounts which we got resolved through NCLT route in the last half year of '25-'26. But at the same time all the three ROA, now we are monitoring, that is core and the general ROA and RWA .

So I think that is not an issue that where we have to write off or not to write off, that the things of cleaning the balance sheet. Once you are good enough on the -- now you can see that almost all the parameters in Union Bank particularly, we are at the highest levels whether the net profit or operating profit, NII, whether it is ROE, ROA, and all the other things. So even then, after that only, so not impacting anywhere, we have taken out INR200 crore this quarter and added to additional provision.

So it is now INR1,000 crore standing strong in our balance sheet. If I take that, the GNPA comes around 0.31 levels. And the PCR moves to more than 96%. So I think there where we are coming from, and that is what we are depicting and we are discussing it here, that our purpose of benchmarking ourselves is a bit different and trying to improve from there. Over to you, Mundhra ji.

Jai Mundhra - Analyst, ICICI Securities
Right, sir. Sir, okay, so let me ask you, sir, this credit cost we have given is 21 basis points, right, which is a reasonably stable number and a benign number. But going ahead under ECL, you will have a little bit bump up in standard assets provisioning. Would you believe that -- I mean, could that jeopardize the core ROA of 1% level? How do you see, A, the rise in standard assets provisioning because under ECL, and could that have a bearing on 1% core ROA that we have?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Yeah see ECL which we talked about is around INR5,500 crores which we are now discussing and talking about. Last one or two quarters we told we are comfortable in that INR5500 crores. Now other two things I think let us see, other two parameters: one is the the lowest of the SMA figures in Union Bank history after the amalgamation, it is I think 2822

V.B. Sahay - Deputy General Manager, Head of Investor Relations, Union Bank of India
28,200.

Asheesh Pandey - Managing Director and CEO, Union Bank of India
No. 2822 so above INR5 crores. So I think that is the -- where it is the lowest the credit cost, slippages cost both are lowest. And let us see one more thing that there is a good credit growth. Now your credit growth you are seeing in the terminal figures because now most of the churning we have done and we are doing, still we are doing, but then most of it we have done. So if we take that churning that is IBPC 33,000, 36,000 taken out. Then almost 50,000, 60,000, 70,000 crore low-yielding assets, we have taken it out and all those things. The credit growth is quite good, more than 20%, 21%. At the same time, if you see the figures on the retail side, our 700 and above CIC score has moved up from last.So I think I am only saying last one quarter. But you can see last four quarters it has moved quite up. Now coming to INR25,000 crore above external rating, so almost 94%, 95% I think that is also improved last quarter. So these two figures shows that we are underwriting quality assets, number one. Number two, the monitoring is really very good using technology, analytics and feet on the street and building the culture where we create good quality assets, and at the same time profit our assets. So that is the reason that again it is improved -- core ROA has improved from I think 41 or 42 basis point from last quarter and now we have started monitoring it. Now coming to the impact of ECL even if it comes, we will be in a position to take care of it, that is where and still we have two more quarters left, so I think we are in a right direction, we are in a right track and we will be in a position to certainly handle other situations.

Jai Mundhra - Analyst, ICICI Securities
Sorry, sir, actually my question was not very clear. Sir, this INR5000 crore is actually no problem at all when you transition. My question is sir on a recurring basis right now credit cost is 21 basis point under ECL because now the stage 2 assets will need more provisioning than under IRAC, so standard assets provisioning will go up. Do you suspect that core ROA can increase....

Asheesh Pandey - Managing Director and CEO, Union Bank of India
You are asking ongoing basis incremental, correct?

Jai Mundhra - Analyst, ICICI Securities
Yes, sir.

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Yeah. So actually that is all -- that are in discussion and in working, so as we move close to the March, I think, we will be knowing all those figures. But by chance that the first itself on a transition date say 5500 odd I am using can be plus minus something here and there. So even that we are in a position to take it forward swiftly, so I think ongoing also will not be much issue because even ongoing will depend upon on the actual SMA figures, restructuring book figures and all these figures only, so that is why I was trying to tell you that even ongoing incremental as well we are in a position, but the actual figures is still to be worked out and these are discussions happening at the industry level and the IBA level and that is what I told when Ajmera saabh I believe he was asking or ma'am Mahrukh I think I am not very sure. I think Ajmera sir when he asked, so there are various discussions happening and once clarity comes, so then I think figures will be in front of you. But at the same time, I think we are in a position to move swiftly where the one time as well as we believe that with these figures ongoing will not have much of the impact.

Jai Mundhra - Analyst, ICICI Securities
Right, understood, sir. So that is clear. We will await as and when we get more clarity. And sir, secondly, on growth, right? So now we are doing reasonably well. We have stepped up on growth. What is your sense, sir? Where would we be ending the year? Would it be similar? Last time I think you said we will be slightly above system. Does that still continue or what is your outlook on growth with respect to industry? Industry is also now 18-19, we are also 18-19. What is your sense, where should we end the year?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
We will move as per the system credit growth, we'll be moving as per that only.

Jai Mundhra - Analyst, ICICI Securities
Right. And sir, anything on the bulk side? We have seen slight increase in the bulk deposits. Now this is -- t he entire book has been reset, right? So you do not have any material issue in growing the bulk deposit because previous to this quarter we were actually shedding a little bit of bulk. Now, should bulk deposit be business as usual? Is that the understanding? Or there was some opportunity wherein you increased bulk and going ahead bulk may still be lower? What is your thought process?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
See, the bulk as per definition is known about INR3 crores, correct? About INR3 crores. So that we generally term it as a bulk deposit. And below INR3 crores, as per RBI prescription, it is a retail term deposit. So bulk deposit, even, in today's world when you finance infrastructure project and within which you give an LC, say 60%, 70% of the total term loan, there also I'll see 10%, 15% margin is there, various bank guarantees are there, it is in that. So generally, let me tell you, bulk doesn't mean that you are going for a high cost or maybe a differential rate and all those things.

It means above INR3 crores. So we are going to accrue, and certainly when we say the credit growth to be in line with the industry, we will fund it first through retail and deposit, CASA and retail term deposit, then various other channels, and certainly bulk deposit. Now comes the bulk means, let's say, above INR50 crore, INR100 crore, INR200 crore. So we are also taking that, but at the same time, earlier we used to take even 2,000, 4,000, 5,000 crore from single party, but that we have reduced. So now we have bifurcated. So sometimes we take 300, 400, 400, 500, various maturities. And certainly I am going back to my earlier commentary where the financial institution we were trying to avoid, so still we are continuing with that, that financial institution we don't prefer much, but non-financial institution we take it. So from 2, 2.5, we have moved to 6.8%, 7% growth. So we will be moving in that line only as far as the deposit is concerned.

Jai Mundhra - Analyst, ICICI Securities
All right, thank you, sir. I have a few more questions, I'll come back in the queue. Thank you.

Operator
Thank you. Next question comes from the line of Sushil Chokshi with Indus Equity Advisors. Please go ahead.

Sushil Chokshi - Analyst, Indus Equity Advisors
Congratulations to team Union Bank of India for excellent performance. And greetings for the festive season. My question is, India Prime Minister's call is Viksit Bharat 2047. Union Bank and Indian banking system needs to transform for the new initiatives, new businesses which are emerging in

the globe, and India also needs to catch up. The trade businesses for the new initiatives led by hydrogen maybe AI, GPUs, data center, and many such, EV mobility value chain, solar value chain. I'm not talking about module but value chain, such businesses.

And some of these businesses are commenced by PE or new entrepreneurs who have technology and they are backed by PE or financing which is coming from certain individual investors who have given the initial capital. Such transformation of businesses are emerging well. How are we placed to garner business in such segment, and what initiatives did we take to understand this business to grow well along with that?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Yeah, I think very pertinent question, Sushil-ji. And certainly, when we have to meet -- all of us, the Viksit Bharat dream of 2047, we need to be in that league. Moving into that league needs understanding of the new lines, new initiative, new businesses. So certainly, as of now, Union Bank is quite good, clear in terms of renewable energy, solar, BESS, that is battery storage systems and all. And the data centers and other things we are already on, we have even underwritten some good sort of papers, and we have even down sold. So almost I can give a color to you that almost I think last nine to 10 months or 11 months, we have underwritten almost INR 90,000 crore, INR 95,000 crore, INR 1 lakh crore of good papers, and we have down sold. That is the way in which we are moving.Now coming to some more new streams, which are coming in like hydrogen, like the nuclear. So these are the new things which are coming in, and we are also doing employee skill development plans. So certainly, we are trying to engage with the various rating agencies because they are somewhere better in understanding the risk, understanding the models, understanding the projections, and understanding the various other factors to underwrite. We are also working upon this automation. It will take some time, obviously, that how we can have external data. So still we are using, but mostly it is not very automated, but then we are going through AI and other things, where we can use all these data points across world to do the proper assessment of the proposals.So most of the things which you said, we are into those lines of underwriting, which other banks are also doing, but then our bank is also doing it nicely. But coming to the hydrogen, nuclear, and few other more things, we are analyzing. Actually, we are in discussion with some of the partners, even in this line of business. We are also in discussion with some of the rating agencies of the world class that how they see these businesses, how they rate these businesses because they also rate having the same parameters, and we also do the appraisal assessment on the same basis. So jointly, we are trying to have some idea and some models with them.So I believe your question, and I would not only say, Sushil ji, when we talk about 2047, we only will not talk about the corporate, but let me tell you the businesses, particularly the commercial banks, scheduled commercial banks, public sector banks. We maybe probably will see the UPI and UNI joining hands and moving into the automated system of analytics, automated system of the cash flow system of the credit dispensation, and the monitoring, and, otherwise, having the growth rate, particularly to meet the 2030, 2035, and 2047 objectives, would not be that much easy.So that is why again that Sudarshan, which we told you, that and not only to you, but I would invite all the investors who are listening to this con call that in Bombay you are invited to see this Union Sudarshan scheme. And now we are also working upon many things, and one RFP is already there which you can see, but we are working upon some more things. I would not diverge right now. But as we move forward by next 1 or 2 months, 3 months, you will be seeing some initiative where we are working to build the capabilities in the credit administration. I will use the word rather than credit sanction, credit appraisal, and credit disbursement and credit monitoring. So I would use a better word as a credit administration, how we

can better entire ecosystem, so that the disbursement happens fast, credit growth happens fast to meet 2047.But at the same time, quality is maintained, which is most important for any of the regulated entity.

Sushil Chokshi - Analyst, Indus Equity Advisors
So basically you are indicating that long-term financing for nuclear power infrastructure, data center construction may not take much time for data center, but lease rental discounting, 15-19 year kind of project financing, you are open to? Am I to understand....

Asheesh Pandey - Managing Director and CEO, Union Bank of India
We have already done.

Sushil Chokshi - Analyst, Indus Equity Advisors
Okay, sir. Now my next question is , India is growing. A lot of Indian corporates are growing globally, and domestic also M&A will start. In one of our peer larger banks' call, they said they are aligning with some foreign banks on financing for M&A. What is our vision on M&A financing, sir?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Yeah. See, we have done a few deals on M&A, and we are already in talk with some of them and also our -- this requires actually creating a desk within the large corporate vertical and risk management with a proper skill set to underwrite or maybe to assess the proposals which are coming under the hydrogen or the nuclear or maybe on the merchant acquisition, which we are already. That is where I said that we need one or two months more along with some RFPs to build in technological as well as human capability to underwrite and create this. So we are working upon that, and I believe that things will move in a right direction. And already most of the things which you have talked -- actually, if you have talked about data centers, I think we have already underwritten some six, seven good proposals, good quality papers, double A, triple A sort of papers in the data center.So we have that capabilities. So we have to further skill it to hydrogen and other sort of energy or maybe the other business lines which are going to come. And coming to this -- that is why I said this FCNR(B) will help three years, five years for the asset and liability. And let me tell all the investors, and Sushil-ji, to you as well, that we have issued this bond, foreign currency bond of 600 million, and now we are listed in the stock exchange, GIFT City, NSE, GIFT NSE stock exchange, and it is traded. So certainly now we have already opened a way to take the money for a longer term through that route. So that is actually not an issue when we talk about this foreign currency bond. So it is like MTN program, which we can always enhance and go forward along it some more batches of 200, 300 million.Also, we would not like to right now much discuss, but already we are in talk with some of the very good worldwide agencies for some -- the funding lines in a very good perspective on the green energy side. But then not the right time right now to discuss more upon that. But we are in discussion, and certainly when we move towards this sort of an appraisal systems, we will be needing that and we will be utilizing those opportunities to capitalize on that.

Sushil Chokshi - Analyst, Indus Equity Advisors
My last question in this round, based on whatever I could sense from your conversation, we have a good credit pipeline where large-ticket corporate book is concerned. Can you indicate what kind of growth will you do in ramp?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Amresh Ji will tell on the pipeline.

Amresh Prasad - Executive Director, Union Bank of India
We are having more than 1 lakh crore in the pipeline, sir, for the large corporate, which is basically into the infrastructure and likely to be disbursed in next one and a half years. We dont have any problem in building further pipelines and all this. We are having a good credit proposals in hand also. These are what I am saying, these are the sanctioned pipelines.

Ramasubramanian S - Executive Director, Union Bank of India
So, Sushil ji, just to add on to what Amresh ji has said, so we are across the field. So as sir is also mentioning, we are trying to go into different fields including the EV mobility, you have spoken about EV mobility and other area. And today also what we see that we have got around a good amount of proposal which is under pipeline, which is around 64,000 crores. So 1,20,000-25,000 crores of sanction that we are holding for disbursement, and around 64,000-68,000 crores of sanction in proposals in pipeline which are going to be sanctioned maybe within a month's time.

In pipeline side, we are comfortable with the sanction that you are getting, across this sector we are getting, so we don't find much challenge in getting the good amount and sir was also mentioning about the underwriting, so we have done many underwriting. And after doing the underwriting the capability -- that capability is there with us. So even the other banks are also taking exposure from us. So we have downsold many of the proposals after getting the sanction. So right now that is the position.

Sushil Chokshi - Analyst, Indus Equity Advisors
Thank you for answering all my questions and good luck for the year, to the team at Union Bank of India. Thank

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Thank you, Sushil ji.

Operator
Thank you. [Operator Instructions] The next question comes from the line of Arjun Kumar with One on One. Please go ahead.

Arjun Kumar - Analyst, One on One
Hello?

Operator
Mr. Kumar, please go ahead.

Arjun Kumar - Analyst, One on One
Yeah, so I want to know in the other income why there is a fall in 10% Y-on-Y and 5% Q-on-Q?

V.B. Sahay - Deputy General Manager, Head of Investor Relations, Union Bank of India
See, there was a reduction on account of -- reduction in treasury and technically written-off recovery. INR545 crore on these counts were on a YoY basis, and on a sequential basis, the other income, non-interest income got reduced because of booking of PSLC commission in Q1 of INR217 crore, which was not there in Q2.

Operator
Thank you. Mr. Kumar, please rejoin the queue for more questions. Next question comes from the line of Param Subramanian with Investec. Please go ahead.

Param Subramanian - Analyst, Investec
Yeah, hello sir, thanks for the opportunity and congrats on a great quarter. Sir just wanted to understand on -- firstly on PSMC fees, why is there no PSLC fee in this quarter? Because we understand, I think some of the large private banks are still reporting the big shortfalls in PSL. So the opportunity is there. Yeah, that's my first question. So if I can come back for the second.

V.B. Sahay - Deputy General Manager, Head of Investor Relations, Union Bank of India
See, PSLC income we book depending upon our private sector portfolio, and we keep on working on it, assessing the portfolio going forward, and wherever the room is available, we sell our portfolio and book the income like we did it in Q1. And if the situation permits, we will be doing it in the this quarter or the quarter going forward.

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Yeah, we had an excess also this time, but we wanted to be more comfortable on the excess side of the PSL and then move forward. And earlier quarter also, we have already if you see the SMF, that is small and marginal farmers, and agriculture, both portfolio we have sold earlier. So absolutely that is not an issue. So we are already this time also, even, even now also, that is the issue is not there. But then we wanted to assess properly and then move ahead.

Operator
Thank you. Mr. Subramanian, please rejoin the queue for more questions. Next question comes from the line of Amansingh Sahajsinghani with ICICI Securities . Please go ahead.

Amansingh Sahajsinghani - Analyst, ICICI Securities
Hi sir, thank you for the opportunity. I wanted to understand, in the TWA recovery part, is there any one-off lumpy recovery from Maharashtra state government or PSU or something like that, or is it all or is it all small recoveries only?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
No major, no, lenghtly recovery, there is -- in the TWA recovery, Maharashtra State Government debt waiver is not the part of that recovery. These are all small, small accounts. And the one Vivo AIL, 150 crores we received in this TWA. So no major bigger, sir? All small only we are doing?

Amansingh Sahajsinghani - Analyst, ICICI Securities
Maharashtra Government, the accounts were not written off.

Asheesh Pandey - Managing Director and CEO, Union Bank of India
No, that is what Mr -- t hey wanted to know.

Operator
Thank you. Mr. Sahaj Singhania , please rejoin the queue for more questions. Next question comes on the line of Ashlesh Sonje with Kotak Securities . Please go ahead.

Ashlesh Sonje - Analyst, Kotak Securities
Hi sir, good afternoon. Sir, first question is what is the crop loan exposure that you have in the states

of Maharashtra and Karnataka? And second question, sir, the growth in gold loans seems to have slowed quite a bit now. It's growing at only about 7% YoY. So any reason for that? And along with that, if you can share the breakup of gold loans between retail and agri?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
So I think, this -- what was the question on Maharashtra and Karnataka? Crop loan, I think we need to work it out and give, but not much because the Andhra Bank was actually merged with us, and we had a very good portfolio in AP and Telangana. And it is more often SHG; almost, I think, our SHG portfolio itself is more than INR35,000 crore approximately. So that is the -- that is why various questions when asked about drought and all those things, so we have not faced any of the issue on those lines as far as the agriculture is concerned up till now.Coming to the gold, actually, just very objectively and purposefully, we have not grown aggressively in the gold. The purpose is not any negative because our LTV purposefully, the LTV we have kept not so good conducive to the market and the rate of interest also. And we wanted actually to digitize the entire journey, including the SSR role and the audit role, and how everything can be digitized, how inspections can take place, and the gold pouch and everything. So thats the reason that we try to build. We are actually building it very properly. It may take one or two months more before embarking upon the next phase of growth.Because if you see the Union Bank per se, earlier years we have grown very fast. So always there is better to have some consolidation phase and to move to the next with all those sort of robustness and until unless you build technology both in assessment and monitoring, probably I feel that it will not be prudent to scale up the business in a very nice manner. So thats the reason that we have not grown much. But yes, we are in the business, and you asked about retail and agri. Probably, I think we can take safer side, 34% and 55%. 34% is retail, 55% is agriculture.

Operator
Thank you. Mr. Sonje, please rejoin the queue for more questions. Next question comes from the line of Rohan M. with Equirus Securities . Please go ahead.

Rohan M - Analyst, Equirus Securities
Good afternoon, sir, and thanks for the opportunity. Congratulations on good set of numbers. So just wanted some clarity on the one-offs and opex, if there is something there. And also, in 1Q con call on ECL, you had mentioned that the total ECL impact will be INR11,300 crores, of which, 5,500 was provided. So when -- in this quarter we are talking about 4,500 of residual provision, the total INR1,000 crores that has been provided from 4Q, 1Q, and 2Q, that is what you are adding in 5,500, or is there a change in that total number of 11,300? I just wanted to clarify that.

Nitesh Ranjan - Executive Director, Union Bank of India
No, so actually what you are asking is not very clear, but second part I think I can understand and clarify again that as per our estimate, the ECL impact will be INR5,500 crore when we transition. And to take care of that impact, since the March quarter including the current quarter, we have created additional provision buffer of INR1,000 crore to take care of the requirement of INR5,500 crore transition amount. The first part what you asked is not very clear. If you If you can repeat.

Rohan M - Analyst, Equirus Securities
On the second part also, I was asking that in 1Q you had said that total ECL impact will be 11,300-odd crores, of which you had already provided INR5,500 crores.

Nitesh Ranjan - Executive Director, Union Bank of India
No, no. That is not -- see, again, whatever we have been saying since March is the same thing, that around INR5,500 crores of transition impact. And to take care of that, since March quarter, we have been creating additional buffer of...

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Okay, I think, now I understood. Probably there is some miscommunication. So first we build INR600 crore additional, 700, then 100, then 200 this quarter. So total INR1,000 crore, and it is not part of your profit, it is not part of your PCR, not part of your any CRAR. So we have kept this INR1,000 crore while maintaining the best of the profits and the other ratios for the Union Bank. So I think that is some miscommunication. Our transition will be for INR5,500 crore, and as Mr. Mundhra was asking, ongoing still, that all work has to be done. It is an in the discussion. Some interpretational issues are there. That is the reason that even the advisors and the consultants are put by all the banks into ECL, and the industry body we all are in discussion.

That will take time. But as far as your question is concerned, so it is INR5,500 crore, our approximate working, plus minus maybe 100-200 crore here and there. But INR1,000 crore we have kept kept aside since last 3-4 quarters to meet out this ECL only going forward.

Operator
Thank you. Mr. Rohan, please rejoin the queue for more questions. Next question comes on the line of Vansh Solanki with RSPN Ventures. Please go ahead.

Vansh Solanki - Analyst, RSPN Ventures
Yeah, good evening. So my question is that you told that you have, you know, had a $2.25 billion of FCNR deposit. So how much of the external advances we have given against this deposit? What's the number?

Amresh Prasad - Executive Director, Union Bank of India
70% is through leveraging.

Vansh Solanki - Analyst, RSPN Ventures
How much?

Amresh Prasad - Executive Director, Union Bank of India
70%, sir. Approximately 70% is through leveraging.

Vansh Solanki - Analyst, RSPN Ventures
Okay. And also one last suggestion from my side that have you giving the bifurcation of other income is a possession fees and commission and all. But from last two quarters, maybe you have stopped the bifurcation of other income. So please, if you can restart the same, that's from my side.

Amresh Prasad - Executive Director, Union Bank of India
Yeah, we'll consider. How do you show the other income?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Yeah, LC, LG, and all those things. Yeah, next.

Operator
Thank you, Mr. Solanki please rejoin the queue for more questions. Next question comes from the

line of Niteen S. Dharmawat with Aurum Edge. Please go ahead.

Niteen S. Dharmawat - Analyst, Aurum Edge
Yeah, thank you for the opportunity and congratulations for good set of numbers. Also, thank you for patiently answering for almost 1.5 years -- half hours now. M y question is about the guidance, considering the fact that there is an interest tightening cycle which has started now. So will there be any impact on ROA and NIMs going forward? And what do you see where the trajectory is heading towards the end of the financial year?

Asheesh Pandey - Managing Director and CEO, Union Bank of India
See, with the increasing rate cycle, always it is constructive as you have seen. So let me come back to December when the repo was cut by 25 basis points. In March, we suffered by almost 16, 17, which came down to 2.64. And after that, there was no change in stance in the repo. And -- but from there we built 22 basis points up till now, and we are sitting at 2.86. So without any rate stance change. Now only it has changed, and the impact has to come in the coming quarters.So coming to the first thing is that, since we could manage improving the NIMs and ROA without any stance change for last, I think 9 months, from 1st of January till 30th of September, so we always believe to work hard and then come back with some good set of improvements in the efficiency. That is what we touched in my address also on the five pillars. Now since rate hike is there, we are confident that it will have a positive constructive role in the NIM and ROA going forward. But at the same time, it also -- because our repo rate book is almost 53%, 55%. So it has to be conveyed and it is conveyed. But at the same time, to make the asset quality, to keep the asset quality right and have the competitiveness in the market at the right product level and the product range level, two things are different, product is different, product range is different, and which is core.So we have kept improving our rating above 25 crore external rating, which you have seen above 94%, 95%. And CIC's score, which we have further improved by 1% this time. So I think keeping in view all these things, we are hopeful -- not hopeful, so certainly we will be in a position to inch up on a better side on the NIM and the ROA side. Our efficiency ratio, let me put it differently. So we expect that what sort of ratios and figures we have shown this time, we would like to defend and improve it further. So I think this small sentence we keep on saying since January, that we would like to defend and keep on improving from here onwards. So we still adhere to it.

Operator
Thank you. Mr. Dharmawat, please rejoin the queue for more questions. Thank you. That was the last question for today. We have reached the end of question and answer session. I now hand the conference over to the management for closing comments.

Asheesh Pandey - Managing Director and CEO, Union Bank of India
Okay, so thanks a lot. The last quarter was a happening sort of a quarter for the entire banking industry, entire economy as such, as far as our country, our Bharat, our Indian economy is concerned. So we saw the advent of FCNR, so we saw various things coming into play, and even there were negative side, you know, geopolitical conflict, say West Asia conflict and the oil prices coming down, moving up, then again the rate hike cycle being towards moved. So I think these are the happening things, and -- but at the same time with the due interventions at the right time with the right perspective by both the government and the Reserve Bank of India, I think there's an economy we could sail through and the entire banking industry we could sail through.

And as a Union Bank, certainly the numbers are in front of you and we could adhere to what we said.

It's a very simple thing. And here again, when we move to the next quarter and move towards M27, we certainly believe that keeping in view the same set of circumstances going ahead, the team is doing good, team is working well, and we still say that the numbers which we have shown, we like to defend it and move it further better. So with this, thanks to all of you for giving your precious time for this meeting, and we always welcome our investors that you give suggestions to us, and with your suggestion we note it down actually, and we try to work upon that too so that we come with some more improvement next time. And as I said, I invite all of you for our unit Union Sudarshan . It is very unique of its kind in India, next to Bombay Stock Exchange. So it is one of its kind to see. I t is very pervasive, and probably what we are seeing here, you will be in a position to understand. And our RFP, which I shared with you, is already in our website, Section 3, page number 30 to 35, in Project Muskan.

I think that also gives some color. And there is something in pipeline the next quarter on the new initiatives. But still we are waiting for some more transactions t o happen from the various economic participants. And we will be in a position to share with you in between as well, whenever the things happens, or maybe next quarter when we meet you. Till then, we are thankful to you, we are grateful to you, and we are obliged. Jai Hind, Jai Bharat. Thank you.

Operator
[Operator Closing Remarks]