

## Union Bank of India – Q4FY25 / FY25

**“While the bank was successful in maintaining its profitability, the business growth was the lowest amongst all the PSBs”**

### Ajcon Global's observations & views

1. While the Advances grew by 3.55% QoQ, it fell short of the YoY target at just 8.62% . The Management skipped giving any guidance for FY 26 due to prevailing uncertainties.
2. Fresh slippages increased in Q4/FY25 at Rs.2483 Crores.
3. The Bank has potential to grow faster, provided some bold decision on credit front are taken.

### Q4FY25 RESULT ANALYSIS

- 1) **Net interest income** rose by 2.97% QoQ and 0.82% YoY at Rs. 9514 Crores against Rs. 9240 Crores and Rs. 9437 Crores respectively.
- 2) **Operating profit** increased by 2.78% QoQ and 17.86% YoY at Rs. 7700 Crores against Rs. 7492 Crores and Rs. 6533 Crores respectively.
- 3) **Net Profit** grew by 8.28% QoQ and 50.56% YoY at Rs. 4985 Crores against Rs. 4604 Crores and Rs. 3311 Crores respectively.
- 4) **Net Interest Margin (NIM)** declined QoQ and YoY at 2.87% against 2.91% and 3.09% respectively.
- 5) **Cost of deposits** has gone up QoQ and YoY to 5.60% against 5.56% and 5.42% respectively. Cost of Funds increased QoQ and YoY to 4.94% against 5.01% and 4.93% respectively. Yield on Advances declined QoQ and YoY to 8.72% against 8.78% and 8.87% respectively.
- 6) **Total business** increased by 5.9% QoQ and 7.8% YoY at Rs. 2292644 Crores against Rs. 2165726 Crores and Rs. 2126412 Crores respectively.

### KEY FINANCIAL INDICATORS – Q4FY25

CMP (13.05.2025)	: Rs. 130.77
Face Value	: Rs. 10
Book value per share	: Rs. 136.98
Market Capitalisation	: Rs. 99824.72 Crs.
Capital Adequacy Ratio	: 18.02%
C/D ratio	: 77.35%
CASA ratio	: 33.52%
Net Interest Margin (NIM)	: 2.87%
Cost / Income ratio	: 48.91%
Gross NPA	: 3.60%
Net NPA	: 0.63%
PCR	: 94.61%
Slippage ratio	: 1.13%
Credit cost	: 0.69%
Return on Assets (Annualised)	: 1.35%
Return on Equity (Annualised)	: 19.07%

- 7) **Total Non-Interest Income** rose by 25.87% QoQ and 25.87% YoY at Rs. 5559 Crores against Rs. 4417 Crores and Rs. 4707 Crores respectively.
- 8) **Fee based income** increased by 5.17% QoQ and 23.57% YoY at Rs. 2488 Crores against Rs. 2365 Crores and Rs. 2013 Crores respectively.
- 9) **Cost/Income ratio** rose to 48.91% against 45.14% in Q3FY25 but it decreased YoY from 53.81% in Q4FY24.
- 10) **Total Advances** grew by 3.55% QoQ and 8.62% YoY at Rs. 982894 Crores against Rs. 949164 Crores and Rs. 904884 Crores respectively.
- 11) **Total deposits** rose by 7.66% QoQ and 7.22% YoY at Rs. 1309750 Crores against Rs. 1216562 Crores and Rs. 1221528 Crores respectively.
- 12) **Domestic CASA ratio** rose to 33.52% against 33.43% in Q3FY25 but it is decreased YoY from 34.20% in Q4FY24.
- 13) **C/D ratio (Global)** reduced to 77.35% against 80.38% in Q3FY25 and Domestic C/D ratio reduced to 74.48% against 77.34% in Q3FY25.
- 14) **Return on Assets (ROA)** rose to 1.35% against 1.30% in Q3FY25 and 0.97% in Q4FY24.
- 15) **Fresh slippages** increased to Rs. 2483 Crores against Rs. 1820 Crores in Q3FY25 but decreased from Rs. 3202 Crores in Q4FY24. Cash Recovery + Upgradation decreased to Rs. 2541 Crores against Rs. 1855 Crores in Q3FY25 but increased from Rs. 2516 Crores in Q4FY24.
- 16) **Gross NPA ratio** improved to 3.60% against 3.85% in Q3FY25 and 4.76% in Q4FY24. Net NPAs ratio improved to 0.63% against 0.82% in Q3FY25 and 1.03% in Q4FY24.
- 17) **Credit cost** increased QoQ and YoY to 0.69% against 0.63% and 0.66% respectively.
- 18) **The Bank's Capital Adequacy ratio** increased QoQ and YoY to 18.02% against 16.72% and 16.97% respectively.

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### Management Comments

- 19) The Bank's Board of Directors have recommended a final dividend of Rs. 4.75 per equity share for FY25, subject to shareholders approval.
- 20) The bank has recorded highest Net profit of Rs. 17987 Crores in FY25, informed Ms. A. Manimekhalai, MD & CEO in her opening remark.
- 21) The bank's management informed that the bank has pipeline of Rs. 37000 Crores in sanctioned loans and Rs. 30000 Crores under sanction process.
- 22) The bank had recovery of Rs. 14995 Crores in FY25 and the management expects good recovery in FY26 as well. However, the management have not provided specific guidance for recovery due to uncertain macroeconomic conditions.
- 23) On NIM, the management said that NIM is in line with peer banks, which has been under pressure due to higher cost of deposits and a drop in yield on advances, following the RBI's February rate cut. The management expressed further concerns on NIM due to expected RBI rate cut.