

Operator: CEO Shri Aneesh Pandey, Executive Directors Shri Nitesh Ranjan, Shri Ramasubramanyam S, Shri Sanjay Rudra, Shri Amresh Prasad and other members of top management. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance in the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ajay Bansal, Deputy General Manager. Thank you and over to you, Mr. Bansal.

Management: Thank you, sir. Good afternoon, ladies and gentlemen. I, Ajay Bansal, Head of Investor Relations, welcome you all for Union Bank of India earnings call for the period ending December 31, 2025. The structure of the call shall include a brief opening statement by the MD and CEO, and then the floor will be open for interaction.

Before getting into the call, I would 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 risks, uncertainties, and other factors that could cause the actual results to differ from the statement. Investors are therefore requested to check this information independently before making any investment or other decision. With this, I now request our MD and CEO for his opening remarks. Thank you and over to you, sir.

Management: Thank you so much, Mr. Ajay Bansal. Good afternoon everyone. With great pleasure, I welcome all of you to Union Bank of India—your bank—and the results for the quarter ended December 31, 2025.

Actually, we are meeting for the first time in this calendar year and the third time in the financial year. So on behalf of the Union Bank family, I wish you and your family a very happy New Year. Also today, being a good day, it is Makar Sankranti, Lohri, and Pongal. These festivities have been occurring since yesterday and will continue for the next few days across India. On behalf of the entire Union Bank family, I wish you and your family happy festivities.

Before we go to the figures, let me set the context. The first is the economy of the country. Last year it was in the 6.5–6.7% band, and now we expect around 7.4% this year. I think we are in a phase of high growth combined with low inflation. Taking a few initiatives into account, various reforms have been implemented by regulators and the government. Some of those related to the GST have become big enablers for various industries. Government capex is also supplementing private capex.

As far as banking is concerned, our regulators have implemented a 125 basis point repo rate cut over the last year. CRR is down almost 100 points. Liquidity through OMO effects has happened, along with the rationalization of various circulars. These are providing a positive environment conducive to growth.

Coming to Union Bank of India, as part of the EASE agenda monitored by the IBA and supervised by DFS across public sector banks, our objective is to create a good ecosystem facilitating growth, digital transformation, and customer service. Recently, at the IBA Tech Awards, our bank received four technology awards, including the Best Tech Bank award.

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We had our Board meeting today, and the Board has adopted the financial statements, which have been uploaded to the stock exchanges. As far as the business figures are concerned, we have tried to build most general questions into the presentation itself. An important point is related to our staff members. I always say that Union Bank staff unites and is the best. Out of 74,000 staff, approximately 32,000 are engineers, FRM professionals, Chartered Accountants, and from other specialized streams. This is a very good composition.

The bank has started "Project Muskan," which is related to the ease of doing business. We have done a lot of groundwork through a bottom-up survey. The objective is to streamline, smooth, and strengthen risk mitigation across the bank. When you do these things, there is certainly cost cutting and technological advancement, whether through AI, Robotic Process Automation (RPA), or the fact that the bank operates with two DC and two DR sites.

Coming to the financial performance, net profit stood at 5,017 crores for the quarter ended December 2025. Interest income stood at 26,443 crores. Total business growth was 5.04%, with gross advances increasing by 7.13% and total deposits growing by 3.36%. Before going further, I want to inform you that we carefully scrutinized every portfolio. We worked on four pillars. First, we shed off approximately 38,000-40,000 crores of bulk deposits which were at a higher cost. Second, we contracted the treasury book by 15,000 crores and moved that to the credit side. Third, we addressed the IDPC, which is now zero. Fourth, we moved around 10,000 crores from low-yielding portfolios to long-term loans.

In December 2024, our NIM was around 2.91%. Even with a 125 basis point rate cut since then, we stand at 2.76%. We have shielded the margins, and since the September quarter, there is an increase in NIM. Our capital and liquidity ratios are good. Growth in the RAM segment (Retail, Agri, MSME) was 11.5%, with retail growth at 21.61%. While corporate growth might not be as visible due to the 30,000 crores we churned, there is significant inflow from new, high-quality proposals. 95% of our portfolio is rated A and above.

GNPA and NNPA have both reduced. SMA2 above 5 crores stands at a low level of 4,285 crores. The bank has crossed 10 lakh crores of advances for the first time. Return on Assets (ROA) is 1.35%, and ROE is at its highest. CASA increased by 140 basis points quarter-on-quarter. The reduction in the cost of funds and deposits is steep. Asset quality is being maintained well, with PCR above 95% and low credit costs. We have put our resources into growth rather than just provisions. I now hand over to Mr. Bansal and our investors for any queries.

Management: Thank you, sir. Now we can start the Q&A.;

Operator: Thank you. The first question is from Maruk Ajania with Nuwama. Please go ahead.

Maruk Ajania – Nuwama: Congratulations to the team. If you see your interest income breakdown, the "other interest" is around 205-206 crores, while it was around 100 crores in previous quarters. What is the breakdown?

Management: This includes income from PSL deposits that we place, specifically RIDF investments.

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Maruk Ajania - Nuwama: Based on the draft ECL norms, what would be the impact on the ongoing credit cost?

Management: We have worked on this. The total transition requirement under ECL, keeping our current provisions in view, is approximately 4,200–4,300 crores. Our current credit cost varies between 20–40 basis points. We do not expect a massive change in the current credit cost versus the expected cost under ECL. 95% of our corporate book is investment grade, and our SMA2 is minimal, so we are on the safe side.

Maruk Ajania - Nuwama: What is your SMA2 below 5 crores?

Management: It is in the range of 2,400–2,500 crores.

Operator: Thank you. Next question is from Jay Mundra with ICICI Securities.

Jay Mundra - ICICI Securities: How should one look at loan growth? Can you sustain 4% quarter-on-quarter growth and reach industry levels on a year-on-year basis soon?

Management: Yes, we turned out 30,000 crores of corporate book very cautiously. We currently have around 24,000–26,000 crores of sanctions pending disbursement. We expect the last quarter growth to be better than this quarter. We are moving toward the industry growth levels as our aspiration.

Jay Mundra - ICICI Securities: Was there any provision for gratuity or leave encashment under the new labor code?

Management: In banking, our benefits under the bipartite settlement are often better than the code. Regarding leave encashment and gratuity, the impact is not much for older banks like ours. Our calculation shows a maximum impact of 10–15 crores, which is not material.

Jay Mundra - ICICI Securities: What was the request for moratorium for exporters following the RBI dispensation?

Management: We have sanctioned around 78 proposals totaling approximately 500 crores, of which 216.64 crores across 61 proposals are already disbursed. These are mostly highly-rated companies.

Operator: Thank you. Next question is from Ashok Ajmera with Accon.

Ashok Ajmera - Accon: Compliments on a net profit exceeding 5,000 crores. Regarding deposits, the growth was only 0.95% this quarter. Your CD ratio is nearly 84%. How will you match deposit growth with your credit growth targets?

Management: Raising deposits is not an issue; we knew where the money was. We shed 40,000 crores of bulk deposits to reduce LCR requirements and cost. We also shifted 15,000 crores from the treasury book to the credit side. CASA increased by 140 basis points. Together, these steps provided over 31,000 crores in resources. We also have refinance options of 5,000 crores. We have created a new "ecosystem banking" team to further drive CASA.

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Union Bank Of India

14 January 2026

Ashok Ajmera – Accon: Profit went up because standard asset provisions came down. Will credit costs remain low going forward?

Management: Provision requirements are linked to SMA levels, loan quality, and PCR. Our SMA2 is at an all-time low and corporate slippages have not occurred. Regarding technology, our capital budget for IT this year is 1,600 crores. We are focused on cybersecurity and digital business verticals. 80% of our liability accounts are now opened digitally.

Operator: Thank you. Next question is from Dikshit Toshi with Whitestone Financial Advisors.

Dikshit Toshi – Whitestone Financial Advisors Private Limited: Regarding ECL, do you expect to increase standard asset provisions? Also, will PSLC income go back to previous levels?

Management: On ECL, our PCR is 95%. There isn't a massive gap between existing provisions and the required ECL provisions. We are well-capitalized to handle it in the first year without needing the 5-year dispensation. On PSLC, we didn't have much opportunity in the first half, but we booked 108 crores this quarter. We hope to leverage this more next year.

Operator: Thank you. Next question is from Bhavik Shah with Increte Research.

Bhavik Shah – Increte Research: Your interest income on investments increased 45% sequentially despite selling securities. Why? And is the treasury gain mainly from mutual fund sales?

Management: We contacted the treasury book by 15,000 crores to shift to higher-quality lending assets. The treasury income includes foreign exchange, HTM sales, and mutual fund income. Exchange income was higher due to currency fluctuations.

Operator: Thank you. Next question is from Kunal Shah with Citigroup.

Kunal Shah – City Group: Recoveries from written-off accounts have come down. Where do you see this settling?

Management: We are concentrating on mid-sized and small accounts. Large single-account recoveries are fewer now. We expect some resolutions in the current quarter that didn't materialize in December.

Kunal Shah – City Group: You mentioned prudent provisioning for ECL earlier; was there any this quarter? Also, what about fraud case provisions?

Management: We took extra provisions in Q1 and Q2. Given low slippages and 95% PCR, we didn't need additional standard asset provisions this quarter. For fraud, if reported, we typically follow the 100% provisioning norm.

Operator: Thank you. Next question is from Jainam with Jain Wealth.

Jainam – Jain Wealth: Do you expect NIMs in FY27 to improve or moderate? What is our retail vs corporate mix?

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Union Bank Of India

14 January 2026

Management: We expect NIM to improve as high-cost deposits reprice. Only 32% of our book is MCLR linked, while the rest is external benchmark linked. While asset rates drop immediately with repo cuts, deposits lag. We aim to maintain a 60:40 or 58:42 ratio between RAM and corporate.

Operator: Thank you. Next question is from Parth Gutka with 361 Capital.

Parth M Gutka – 361 Capital: What is your NIM guidance for FY26 and how many deposits are yet to reprice?

Management: We aim to defend the 2.76% NIM level. We are avoiding quoting high rates for volatile bulk deposits and focusing on our "ecosystem banking" to bring in retail terms and CASA.

Operator: Thank you. Next question is from Antariksha with ICICI Prudential.

Antariksha – ICICI Prudential: What is the size of the gold loan book?

Management: The total gold loan portfolio is 84,000 crores, increasing by 2,200 crores this quarter. Yield is approximately 8.9%. LTV is around 75% for non-agri and 85% for agri.

Operator: Thank you. Next question is from Akshay Badlani with HDFC Securities.

Akshay Badlani – HDFC Securities: Credit cost is down to 10 basis points. What is the steady-state guidance?

Management: Our nine-month credit cost is 26 basis points. We want to try and stay around that range. Slippages are under control, and collection efficiency has improved through technology.

Operator: Thank you. Next question is from Ashish Sanjay with Kotak Securities.

Ashish Sanjay – Kotak Securities: Total recoveries in FY25 were over 15,000 crores, but so far in FY26, it is 9,200 crores. What is the outlook?

Management: Regular recovery is getting stronger through better systems for small loans. While large NCLT resolutions are unpredictable, we have a pipeline that we expect to realize in this quarter. We should maintain the current average run rate.

Operator: Thank you. Next question is from Garav Chani with Prabhudas Lilladher.

Garav Chani – Prabhudas Lilladher: What are sustainable LDR levels and opex growth plans?

Management: Domestic LDR is below 81%, which is comfortable. Globally it is around 82–83%. We don't want to go much beyond these limits. On opex, Project Muskan is helping with efficiency. We plan to open 75 branches this year and up to 200 later, but digital migration will help offset these costs.

Operator: Thank you. The last question is from Siddharth Rajpurohit with Systematix Group.

Siddharth Rajpurohit – Systematix Group: What is the impact of the new project finance provisioning rules?

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Union Bank Of India

14 January 2026

Management: There is no significant impact on the existing portfolio as most have achieved DCCO. For new projects, the impact will be incremental only. It won't be a significant burden on the bank.

Management: Thank you to all our investors. We appreciate your suggestions and critical analysis. We value your partnership. Thank you so much.

Operator: Thank you. On behalf of Union Bank of India, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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