

Quant-Funda

Union Bank of India.

01st December, 2025

Sector: Banking & Finance

Security Not Under ASM: ☒

LTP	Recommendation	Target	Stop Loss	Return
Rs.153	Buy between Rs.152-158	Rs.188	Rs.137	+23%
SENSEX	Market Cap	NSE Code	BSE Code	Time Frame
85,707	Rs.1,18,664cr	UNIONBANK	532477	3-6 Months

Data as of: 28-11-2025

Fundamental View

Union Bank of India, incorporated in 1919, is a leading public sector bank with ~75% government ownership. Following its merger with Andhra Bank and Corporation Bank in 2020, it has expanded its footprint across India and internationally, with branches in Dubai, Sydney, London, and Malaysia. The bank offers a wide range of services including banking, insurance, mutual funds, wealth management, and merchant banking.

- Asset quality improved significantly, with Net NPA declining to 0.55% in Q2FY26 from 0.98% in Q2FY25, supported by strong recoveries and solid provisioning measures.
- Gross slippages fell to ₹2,151cr in Q2FY26, down from ₹5,219cr a year ago and ₹2,345cr in Q1FY26. The slippage ratio was contained at ~0.9%, indicating better credit underwriting and recovery performance.
- Net profit in Q2FY26 declined 3.5% YoY but rose 3.3% QoQ to ₹4,249cr, with strong return ratios (ROA at 1.16%, ROE at 15.08%), reflecting efficient capital use and consistent profitability.
- Net Interest Income (NII) declined 2.6% YoY to ₹8,812 Cr in Q2FY26, impacted by slower loan growth and higher deposit costs. NIM compressed to 2.67% (vs. 2.90% YoY), reflecting deposit repricing and cautious lending in low-yield segments.
- Though overall loan growth was modest at 0.07% QoQ and 5% YoY due to subdued corporate lending, the RAM segment remained strong, rising 1.7% QoQ and 8.1% YoY, led by robust growth in retail (24% YoY) and MSME loans (15% YoY).
- Going forward, the bank aims to scale credit growth to 9-10% YoY, with the improving loan mix also expected to support NIM expansion toward ~2.7%.
- As per market consensus, the Union bank is currently trading at a P/BV of 0.9x with a strong RoA and RoE of 1.1% and 13% as of FY27E, respectively.

Technical View

- The stock has given a breakout from a downward sloping trendline, supported by a pattern of higher lows and strong base formation.
- It trades above the 50- and 200-DMA, reinforcing a positive trend bias, with rising volumes indicating renewed institutional interest.
- The RSI (14) has crossed 63, signalling improving momentum, while the MACD has given a bullish crossover near the zero line, confirming a medium-term trend reversal.
- A decisive move above ₹152 on strong volumes could trigger an uptrend toward ₹188, while ₹137 remains a key support level.

52W H/L	Group	F&O Listed	Div. Yield	D/E
Rs.159 / Rs.101	A	Yes	3.05%	NA
Standalone. (Rs.cr)	FY25A	FY26E	FY27E	
Net Interest Income	37,216	37,900	42,900	
Growth (%)	2	2	13	
NIM	2.8	2.7	2.8	
PAT Adj	17,987	16,678	17,395	
Growth (%)	32	-7	4	
Adj.EPS (Rs)	23.6	21.8	22.8	
Growth (%)	32	-7	4	
BVPS	148	160	178	
RoE (%)	17.1	14.2	13.3	
RoA (%)	1.2	1.1	1.1	
Valuation	FY25A	FY26E	FY27E	
P/E (x)	6.5	7.1	6.7	
Price/Book Value	1.0	0.9	0.9	
Price Performance	3 Month	6 Month	1 Year	
Absolute Return (%)	22.7	0.1	25.9	
Absolute Sensex (%)	7.4	5.3	7.4	
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26	
Promoters	74.8	74.8	74.8	
FII's	7.11	7.70	7.86	
MFs/Institutions	11.63	11.93	11.70	
Public	6.50	5.60	5.67	
Total	100.0	100.0	100.0	
Promoter pledge	NIL	NIL	NIL	

Price Chart



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Glossary: Please Visit: <https://www.geojit.com/ResearchReport/Technical-Glossary.pdf>

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