

Union Bank plans to raise \$200 m thru medium-term notes

Our Bureau

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Union Bank of India is planning to raise \$175-200 million overseas through medium term notes in the next two months.

Mr M.V. Nair, Chairman and Managing Director of Union Bank of India, said the bank will use the money for funding the bank's Hong Kong branch's operations.

"We have conducted road shows in Switzerland. We may raise the funds in dollar, Swiss francs or euro. We are yet to decide on that", said Mr Nair.

He said that the bank will decide on the interest rate depending on the timing of the issuance and the prevailing scenario.

CAPITAL INFUSION

Mr Nair said the bank is expecting a capital infusion of Rs 1,150 crore from the Government as the second tranche by March. "The Government

stake will go up to 58 per cent from 55 per cent at present. Our tier-I capital will go up to 8.7 per cent", he said. Mr Nair was speaking on the sidelines of a press meet on the tie up of the bank with Star Union Dai-ichi for reverse mortgage loan-enabled annuity plan.

On the possibility of the bank going for a follow-on public offer, he said that there are no immediate plans. "After the capital infusion from the Government, we will be comfortable. It gives us an opportunity to go for a FPO or a rights issue at a future date", he said.

DEPOSIT, CREDIT GROWTH

The bank is targeting a deposit growth of 20 per cent and credit growth of 23 per cent this fiscal. "As of last Friday, our deposits grew by 20.3 per cent and credit grew by 25 per cent", said Mr Nair.

Mr Nair ruled out a second round of deposit rate hike in the immediate future.