

Union Bank of India embraces Alternate Reference Rate replacing LIBOR

Mumbai, January 05, 2022: Union Bank of India (UBI) through its International Banking Division announced that it has **started lending in Alternate Reference Rate (ARR) replacing London Inter-Bank Offered Rate (LIBOR)** in line with regulatory requirement. With this, Union Bank of India is **among the first few Banks in India to adopt ARR.**

LIBOR transition is one of the important events globally as it shall affect all the stakeholders in the International Market. The transition from LIBOR and the adoption of accepted Alternative Reference Rates (ARRs) developed in various jurisdictions is significant and needs careful preparation to manage potential customer protection, reputational and litigation risks as well as avoid disruptions to the safety and resilience of financial institutions and overall financial stability of the economy. The Alternate Reference rate include Secured overnight financing rate (SOFR) for USD loans, Sterling Overnight Interbank Average (SONIA) for GBP loans, etc.

Shri Rajkiran Rai G, MD & CEO, Union Bank of India said, "LIBOR transition is a significant financial event affecting international financial markets. We are well prepared to assist the smooth transition in embracing ARR mechanism in the Indian banking industry. To align with the best practices we have proactively modified our systems and processes to embrace the change from LIBOR to ARR."

The Bank has already concluded deals in ARR through its overseas branches (at Hong Kong, DIFC Dubai & Sydney) and through its domestic branches. The Bank has once again demonstrated its capability to adapt to the changes and remains committed to its customers to provide the best-in-class services. The ARR is available to Trade Finance loans, Bilateral, Syndication, Export credit, Foreign Currency and Multiple Banking loans. The Bank has also sanctioned facilities linked to SOFR.

All the new transactions will be referenced to the new benchmark rates from January 1, 2022, as per the recommendations of RBI and other banking regulators across the world.



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