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Bank Response to the Pre bid queries for RFP : HO/FIN/1993/2020-21 dated 14/01/2021

RFQ Page No.	Points from RFQ	Queries	Bank's Response
5	Instruction with regards to Bids, it says: The bid shall be evaluated after taking into account, the coupon rate, bid amount and the arrangers' fee if any. Further it says; The Bank shall shortlist and appoints the arranger(s) to the issue based on the lowest all-in-cost (coupon rate plus arranger fee) on Internal Rate of Return (IRR) basis, subject to fulfilment of eligibility criteria.	<p>a) Clarification is required for the treatment of bid Amount, would it be taken into account for determining L1?</p> <p>b) Upto what decimal points calculation would be considered for determining the L1?</p> <p>c) Whether IRR will be calculated upto first call option period of years or maturity period of years?</p> <p>d) Kindly also provide a sample calculation sheet to have all bidders and issuer at par on the calculations.</p>	<p>a) No, Issuer to consider L1 based on all inclusive cost (coupon plus arranger fees). In case issue is oversubscribed at L1 rate (L1 bidders to get allocation on pro-rata basis i.e. in ratio of amount quoted). In case issue is not fully subscribed at L1 rate then L1 bidders will be given chance to scale up the quantum and the L2 will be given.</p>



			<p>chance to match L1 rate and scale up amount and so on until issuer gets desired / full amount.</p> <p>b) Up to 2 Decimals</p> <p>c) Up To call option</p> <p>d) Sample sheet is enclosed</p>
6	<p>I. Merchant Banker /Arranger short listed shall comply with all the statutory provisions for issue of Basel III compliant Tier-II Bonds through private placement specifically, relevant Reserve Bank of India circulars, statutory provisions relating to private placements in SEBI regulation along with relevant rules and clarification, etc. and also advise the Bank on these matters.</p>	<p><i>Unlike public issue of debt, appointment of arrangers is not mandatory in case of private placements.</i></p> <p><i>The task of compliance with applicable laws is undertaken by the Legal Counsel/Advisor appointed by Bank for the issue. RBI guidelines also provide for certain certifications from a Legal Counsel/Advisor. Arrangers do not undertake any due-diligence about the Issuer or the contents of the Information Memorandum (IM).</i></p>	<p>Merchant Bankers shall to comply the guidelines to the extant applicable to them and assist Bank in compliance of other statutory guidelines of SEBI/RBI.</p>
16	<p>Annexure-I Format for Self-declaration, under point C</p>	<p><i>Financial bid contains three elements (a) amount of firm commitment (b) coupon rate and (c) arranger's fee.</i></p> <p><i>Self-declaration, which forms a part of technical bid, also requires mention of amount of firm commitment which may be detrimental to transparency in the bidding process.</i></p>	<p>This is just to confirm the bidding is met our minimum base amount and the undertaking will not be disclosed.</p>
26	<p>6. Fall Clause</p> <p>The BIDDER undertakes that it has not</p>	<p><i>Bidder may be actively working on various mandates from Central & State</i></p>	<p>We will consider for Waiver of this clause.</p>



supplied/is not supplying similar product/systems or subsystems at a price lower than that offered in the present bid in respect of any other Ministry/ Department of the Government of India or PSU and if it is found at any stage that similar product/systems or sub systems was supplied by the BIDDER to any other Ministry/Department of the Government of India or a PSU at a lower price, then that very price, with due allowance for elapsed time, will be applicable to the present case and the difference in the cost would be refunded by the BIDDER to the BANK, if the contract has already been concluded.	Public sector entities/ government agencies/ ministries/ municipal corporations in capacity of consultant/ advisor/ arranger/merchant banker at any given point of time. Bidder may have done similar mandates in past for various such clients/issuers, working on currently and would like to take up in future as well. Pricing of every assignment is likely to be different/lower/higher/same. In light of above, we request you to consider waving of this clause or provide the clarification on the same.	
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Sl.	Queries	Bank's Response
1.	What is the tenure of proposed bonds and call option availability? For consistency of understanding amongst all bidders, we request the Bank to kindly provide a detailed draft term sheet of the bonds proposed to be issued by the Bank.	Draft Term sheet attached
2.	Financial Bid opening date and time? Normally clients and also UCO Bank had opened its financial bids in last bidding process within a pre specified time, immediately after opening of Technical Bid. We recommend to specify time as may suitable to Bank and request to open the financial bid in presence of bidder's representative on the same date of technical bid opening	Date of opening of financial bid will be communicated to the eligible bidders well in advance.
3.	Undertaking: Is it required to give on undertaking on stamp paper along with proposal/bid or is it required by be executed only by the successful bidder(s) after bid opening?	The undertaking should be in letter head in normal paper. The selected bidder should submit the undertaking in stamp paper.
4.	Alterations, erasures or overwriting: If the commercials in the financial bid are handwritten figures, would it be treated as alteration, erasure or overwriting or figures filled in financial bid by hand would be acceptable?	The Financial bids may be submitted in Hand written but no overwriting will be accepted. The Figures shall be clean and legible.



5.	VC link is not given in RFP, kindly provide the same for those who want to attend pre-bid meeting through VC	Provided
6	With reference to the RFP Ref no. HO/FIN/1993/2020-21, we have a query whether joint bidding is allowed or not, if yes then whether any one should technically qualify or all parties in joint bidding need to technically qualify individually	Joint Bidding is not allowed
7	In the event where we as an arranger have worked with an investor who may bid directly on Electronic Bidding Platform from their investor ID for the issuance but is open to give credit to XXX for the issuance, will arrangership and arranger fee be given for the same?	<p>Arrangers mandated based on L1 determined in RFP will be given entire credit for amount subscribed on EBP.</p> <p>Scenario 1) If fully subscribed on EBP: In case of single arranger - arranger to get credit for entire amount mobilised on EBP.</p> <p>Scenario 2) If fully subscribed on EBP: In case of multiple arranger – arrangers to get credit for mandated amount.</p> <p>Scenario 3) If issue not fully subscribed on EBP: In case of multiple arrangers – arrangers to give list of investors name for credit.</p>
8	<p>1) Rate validity for 15 days is not viable since lot of events like Budget; other issuance may distort the rates. We request you to agree to keep rate validity for maximum of 2 days.</p> <p>2) Bid submission is very close to budget and MPC. We request for the Bid submission to be kept post budget on a mutually acceptable date.</p> <p>3) We can agree to the Integrity clause post internal compliance approval and we will request for same once our above requests are approved by UCO Bank.</p>	Clause remains as per RFP



R. SUMMARY TERM SHEET

Term Sheet for issue of Fully Paid-Up Basel III Compliant Debt Instruments in pursuance of Reserve Bank of India's master circular no. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 on Basel III Capital Regulations and clarification issued thereof vide circular no. DBR.No.BP.BC.71/21.06.201/2015-16 dated January 14, 2016 ("Basel III Guidelines"), eligible for inclusion in Tier-2 Capital

Issuer	UCO Bank (UCO"/ the Bank"/ the issuer")
Issue Size	Aggregate Issue size not exceeding Rs 500 crore with a base issue size of Rs. 100 Cr and a green shoe option to retain oversubscription up to Rs 400 Crs.
Object of the Issue	Augmenting overall capital of the Bank for strengthening its Capital Adequacy as per Basel III, for future growth and for enhancing long-term resources
Instrument	Unsecured Redeemable Non-Convertible Fully Paid Up Basel III Compliant Tier-2 Bonds in the nature of Debentures for inclusion in Tier 2 Capital(as the term is defined in the Basel III Guidelines of Reserve Bank of India)in the nature of Debentures (the "Bonds")
Nature of Indebtedness and Ranking Seniority	The claims of the Bondholders shall be: (a) senior to the claims of investors in instruments eligible for inclusion in Tier-1 capital of the Bank (b) subordinate to the claims of all depositors and general creditors of the Bank; and (c) neither secured nor covered by a guarantee of the Bank or related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis creditors of the Bank
Issuance Mode	In Demat mode only
Convertibility	Non-Convertible
Trading Mode	In Demat mode only
Credit Rating	"AA- (Outlook: Stable)" by Acuite Ratings India Private Limited ("Acuite") and IND AA- (Outlook: Negative) by India Ratings & Research
Mode of Issue	Private Placement
Utilization of the Proceeds of the Issue	The funds being raised by the Bank through the present Issue are not meant for financing any particular project. The Bank shall utilize the proceeds of the issue for its regular Business activities. The Bank undertakes that proceeds of the Issue shall not be used for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the RBI/SEBI/stock exchange
Security	Unsecured and Subordinated
Security Name	XXX % UCO Bank Tier-II Series IV Bonds 2031
Face Value	Rs.10,00,000/- per Bond
Premium on Issue	Nil
Discount on Issue	Nil
Issue Price	At par(₹ 10,00,000- per Bond)
Premium on Redemption	Nil
Discount on Redemption	Nil

Redemption Price	At par (Rs.10,00,000- per Bond)
Tenure	10 years from the Deemed Date of Allotment
Lock-in-Period	Not Applicable
Minimum Application	1 (one) Bond and in multiples of 1 (one) Bond thereafter
Call Option	<p>The Issuer may at its sole discretion with prior approval of RBI and having notified the Trustee not less than 30 calendar days prior to the date of exercise of such issuer call on or after Fifth anniversary from the Deemed Date of allotment.</p> <p>The Issuer Call, Which is discretionary, may or may not be exercised on fifth anniversary from the Deemed date of allotment i.e. fifth Coupon payment date or any coupon payment date thereafter.</p> <p>The Issuer call may be exercised only after a minimum of five years or on any coupon payment date thereafter ,subject to the following conditions:</p> <ul style="list-style-type: none"> a) Prior approval of RBI (Department of Banking Regulation) will be required for exercising Issuer Call. b) The called Bonds should be replaced with capital of the same or better quality and the replacement of this Bond shall be done at conditions which are sustainable for the income capacity of the Issuer. Here ,replacement of the capital can be concurrent with but not after the bonds are called: OR The Issuer demonstrates its capital position is well above the minimum capital requirements after the Issuer Call is exercised. c) Any other preconditions specified in the Basel III guidelines at such time have been satisfied. <p>Tax Event Call</p> <p>If the Tax event (as describe below) has occurred and continuing then the issuer may having notified the Trustee not less than 21 calendar days prior to the date of exercise of such tax call or variation (Which notice shall specify the date fixed for exercise of the Tax call or Variation "Tax call Date") may exercise a call on the bonds or substitute the Bonds or vary the terms of the Bonds so that the Bonds have better classification.</p> <p>A Tax event has occurred if as a result of any change in or amendment to the laws affecting taxation (or regulations or rulings promulgated there under) of India or any change in the official application of such laws, regulation or rulings the issuer will no longer be entitled to claim a deduction in respect of computing its taxation liabilities with respect to coupon on the Bonds</p> <p>The exercise of tax call by the issuer is subject to requirement set out in the Applicable RBI guidelines. RBI will permit the issuer to exercise the Tax Call only if the RBI is convinced that the issuer was not in a position to anticipate the tax event at the time of issuance of the Bonds</p> <p>If a Regulatory Event (as described below) has occurred and continuing, then the Issues may, having notified the Trustee not less than 21 Calendar</p>

	<p>days prior to the date of such Regulatory Call or Variation (Which notice shall specify the date fixed for exercise of the Regulatory Call or Variation (the "Regulatory Call Date")), may exercise a call on the Bonds or substitute the Bonds or vary the terms of the Bonds so that the bonds have better classification.</p> <p>A Regulatory Event is deemed to have occurred if there is downgrade of the bonds in regulatory classification i.e Bonds is excluded from consolidated capital of the issuer.</p> <p>The exercise of Regulatory Call by the Issuer is subject to requirements set out in applicable RBI Guidelines (as defined below). RBI will permit the Issuer to exercise the Regulatory Call only if The RBI is convinced that the issuer was not in a position to anticipate the Regulatory Event at the time of issuance of the Bonds</p>
Call Option Price	Face value amount of Rs.10.00 lakhs per Bond plus interest/ coupon accrued from and including the last Coupon Payment Date up to but excluding the Call Option Due Date.
Call Notification Time	<p>In case of exercise of Call Option by the Bank, the Bank shall notify its intention to do so through a public notice at least in one All-India English daily newspaper and/or through notice sent by registered post/ courier to the sole First Beneficial Owner of the Bonds at least 30 (Thirty) days prior to the Call Option Due Date.</p> <p>In case of exercise of Call Option, the trading in Bonds shall remain suspended from the Record Date and up to the Call Option Due Date.</p>
Put Option	None
Put Option Price	Not applicable
Put Option Date	Not applicable
Put Notification Time	Not applicable
Redemption Maturity	At the end of 10 years from the Deemed Date of Allotment
Redemption Date	Feb XX, 2031
Coupon Rate	XXX%
Step Up/ Step Down Coupon Rate	In pursuance of RBI Regulations, the Bonds shall not have any step-ups or other incentives to redeem
Coupon Payment Frequency	Annual
Coupon Type	Fixed
Coupon Reset	In pursuance RBI Regulations, the Bonds shall not have any credit sensitive coupon feature, i.e. a coupon that is reset periodically based in whole or in part on the credit standing of the Bank.
Coupon Payment Dates	Annually on XXX , of each year till maturity of Bonds
Day Count Basis	Actual/ Actual Interest shall be computed on an actual/actual basis". Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis.
Interest on Application Money against which	In respect of applicants who got allotment of Bonds in the Issue, interest on application money shall be paid at the Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961,

Allotment is made	or any other statutory modification or re-enactment thereof, as applicable) on the aggregate face value amount of Bonds for the period starting from and including the date of realization of application money in Bank's account up to one day prior to the Deemed Date of Allotment. Such interest on application money shall be paid by the Issuer to the allottees within 15 (fifteen) days from the Deemed Date of Allotment.
Interest on Refunded Money against which Allotment is not made	<p>In respect of applications, which are valid but rejected on account of oversubscription excluding the valid rejections), interest on refunded money shall be paid at the Coupon Rate (subject to deduction of income tax under the provisions of the Income Tax Act 1961, or any other statutory modification or re-enactment thereof, as applicable) for the period starting from and including the date of realization of application money in Issuers account up to but excluding the Deemed Date of Allotment. The refund amounts together with interest thereon shall be paid by the Issuer to the relevant applicants within 15 days from the Deemed Date of Allotment</p> <p>No interest on application money will be paid in respect of applications which are invalid and rejected for not being in accordance with the terms of the Disclosure Document</p>
Listing	The Bonds are proposed to be listed on the Wholesale Debt Market (WDM) segment of the National Stock Exchange of India Limited (NSE). The Issuer shall make an application to NSE along with applicable disclosures within 4 trading days from the date of closure of issue to list the Bonds to be issued and allotted under this Private Placement Offer Letter. The Issuer shall complete all the formalities and seek listing permission within 4 trading days from the date of closure of Issue.
Recovery Expense Fund	Bank will make contribution in "Recovery Expense Fund" As per the guidelines of Sebi SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated Oct 22,2020
Trustees	IDBI Trusteeship Services Ltd
Depositories	National Securities Depository Limited (NSDL") and Central Depository Services (India) Limited ("CDSL")
Registrars	KFin Technologies Pvt Ltd
Settlement	Payment of interest and repayment of principal amount shall be made by the Bank by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT mechanism or any other online facility allowed by the RBI
Record Date	15 Calendar days prior to each Coupon Payment Date, Redemption Date, Issuer call date, Tax call date or Regulatory call date on which interest or principal repayment due and payable . In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date
Business Day/ Working Day	<p>Business Days/ Working Days shall be all days (excluding 2nd & 4th Saturdays, Sundays and public holidays) on which commercial banks are open for business in the city of Kolkata except with reference to Issue Period and Record Date, where Business Days/ Working Days shall mean all days, Sundays and public holidays in Kolkata or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.</p> <p>However, in terms of SEBI Circular CIR/IMD/DF-1/122/2016 dated 11th November, 2016, interest/redemption payments shall be made only on</p>

	the days when the money market is functioning in Mumbai
Effect of holidays	<p>If any interest payment date falls on a day which is not a Business Day then payment of interest will be made on the succeeding Business Day.</p> <p>However, in terms of SEBI Circular CIR/IMD/DF-1/122/2016 dated 11th November, 2016, interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.</p> <p>In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date</p>
Eligible Investors	Insurance Companies, Mutual Funds, Public Financial Institutions as defined under section 2(72) of the Companies Act, 2013, Scheduled Commercial Banks, Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds, Co-operative Banks, Regional Rural Banks authorized to invest in bonds/ debentures, Companies and Bodies Corporate authorized to invest in bonds/ debentures, Trusts authorized to invest in bonds/ debentures, Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures, Resident Indian Individuals, Partnership Firms formed under applicable laws in India in the name of the partners, Hindu Undivided Families through Karta.
Non-Eligible classes of Investors	Minors without a guardian name, Qualified Foreign Investors, Foreign Nationals, Non Resident Indians, Persons resident outside India, Venture Capital Funds, Alternative Investment Funds, Overseas Corporate Bodies and Person ineligible to contract under applicable statutory/ regulatory requirements.
Loss Absorption Features	<p>The Bonds shall be subject to loss absorbency features applicable for non-equity capital instruments vide Master Circular No. RBI/2015-16/58 DBR.No.BP.BC. 1/21.06.201/2015-16 dated July 01, 2015 issued by the Reserve Bank of India on Basel III Capital Regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier II Capital (Annex 5 of the Master Circular) and minimum requirement to ensure loss absorbency of non-equity regulatory capital instruments at the Point of Non Viability (PONV) (Annex 16 of the Master Circular).</p> <p>If a PONV Trigger Event (as described below) occurs, the Issuer shall</p> <ul style="list-style-type: none"> (i) notify the Trustee; (i) cancel any coupon which is accrued and unpaid on the Bonds as on the write-off date; and (ii) Without the need for the consent of Bondholders or the Trustee, write-off the outstanding principal of the Bonds by such amount as may be prescribed by RBI ("PONV Write-Off Amount") and as is otherwise required by the RBI at the relevant time. The Bank will affect a write-off within thirty days of the PONV write-off Amount being determined by RBI <p>Once the principal of the Bonds have been written off pursuant to PONV Trigger Event, the PONV written-off Amount will not be restored in any circumstances, including where the PONV Trigger Event has ceased to</p>

	<p>continue</p> <p>The Bonds at the option of the RBI shall be permanently written off upon occurrence of the trigger event called the Point of Non Viability Trigger".</p> <p>The PONV Trigger event shall be the earlier of:</p> <ol style="list-style-type: none"> a) a decision that the permanent write off, without which the Bank would become non-viable, is necessary, as determined by the Reserve Bank of India; and b) the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the relevant authority. <p>Such a decision would invariably imply that the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.</p> <p>The write-off of any Common Equity Tier -1 Capital shall not be required before the write-off of any Non-Equity (Additional tier 1 and Tier 2) regulatory capital instrument. The amount of non-equity capital to be write off will be determined by RBI.</p> <p>The write-off of the Bonds consequent upon the trigger event shall occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. The contractual terms and conditions of the Bonds do not provide for any residual claims on the Bank which are senior to ordinary shares of the Bank (or Banking group entity, where applicable) following a PONV trigger event and when write-off is undertaken</p> <p>In order to ensure that these requirements are met the Bank confirms that there are no legal impediments to permanent write-off of the Bonds issued by the Bank (or Banking group entity, where applicable) upon occurrence of a trigger event.</p> <p>For the purpose of this clause, a non-viable bank will be a bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the Reserve Bank of India unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures may include permanent write off of the Bonds in combination with or without other measures as considered appropriate by the Reserve Bank of India</p> <p>In rare situations, a bank may also become non-viable due to non-financial</p>
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	<p>problems, such as conduct of affairs of the bank in a manner which is detrimental to the interest of depositors, serious corporate governance issues, etc. In such situations raising capital is not considered a part of the solution and therefore, may not attract provisions of this framework</p> <p>A bank facing financial difficulties and approaching PONV will be deemed to achieve viability if within a reasonable time in the opinion of Reserve Bank of India; it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including augmentation of equity capital through permanent write-off/public sector injection of funds are likely to:</p> <ul style="list-style-type: none"> a) Restore depositors/investors' confidence; b) Improve rating/creditworthiness of the bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and c) Augment the resource base to fund balance sheet growth in the case of fresh injection of funds. <p>The amount of Bonds to be written-off shall be determined by RBI.</p> <p>I. Treatment of Bonds in the event of winding-up, amalgamation, acquisition, reconstitution etc. of the Bank</p> <ul style="list-style-type: none"> a) If the Bank goes into liquidation before the Bonds have been written-down, the Bonds will absorb losses in accordance with the order of seniority and as per usual legal provisions governing priority of charges. b) If the Bank goes into liquidation after the Bonds have been written-down, the holders of the Bonds shall have no claim on the proceeds of liquidation. <p>Amalgamation of a banking company (Section 44 A of Banking Regulation Act, 1949):</p> <ul style="list-style-type: none"> a) If the Bank is amalgamated with any other bank before the Tier II Bonds have been written-off, the Bonds shall become part of the corresponding categories of regulatory capital of the new bank emerging after the merger. b) If the Bank is amalgamated with any other bank after the Bonds have been written-off, the Bonds cannot be written-up by the amalgamated entity. <p>III. Scheme of reconstitution or amalgamation of a banking company (Section 45 of BR Act, 1949):</p> <p>If the relevant authorities decide to reconstitute the Bank or amalgamate the Bank with any other bank under the Section 45 of BR Act, 1949, such a bank will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the trigger at the point of non-viability for write-off of Bonds shall be activated. Accordingly, the Bonds shall be written-off before amalgamation/reconstitution in accordance with these rules.</p>
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IV. Order of write-down of various types of capital instruments

The capital instruments shall be written-off in order in which they would absorb losses in a gone concern situation. The capital instruments shall absorb losses in accordance with the order of seniority and as per usual legal provisions governing priority of charges i.e.

- a) Claims of Tier II Debt Instruments shall be superior to claims of investors in instruments eligible for inclusion in Tier I Capital and subordinate to the claims of all depositors and general creditors of the Bank.
- b) However, write down / claims of Tier 2 Debt Instruments shall be on pari-passu basis amongst themselves irrespective of date of issue.

V. Criteria to Determine the PONV

The above framework will be invoked when the Bank is adjudged by Reserve Bank of India to be approaching the point of non-viability, or has already reached the point of non-viability, but in the views of RBI:

- a) there is a possibility that a timely intervention in form of capital support, with or without other supporting interventions, is likely to rescue the Bank; and
- b) if left unattended, the weaknesses would inflict financial losses on the Bank and, thus, cause decline in its common equity level.

The purpose of write-off of the Bonds shall be to shore up the capital level of the Bank RBI would follow a two-stage approach to determine the non-viability of the Bank. The Stage 1 assessment would consist of purely objective and quantifiable criteria to indicate that there is a prima facie case of the Bank approaching non-viability and, therefore, a closer examination of the Bank's financial situation is warranted. The Stage 2 assessment would consist of supplementary subjective criteria which, in conjunction with the Stage 1 information, would help in determining whether the Bank is about to become non-viable. These criteria would be evaluated together and not in isolation

Once the PONV is confirmed, the next step would be to decide whether rescue of the Bank would be through write-off alone or write-off in conjunction with public sector injection of funds.

The trigger at PONV shall be evaluated both at consolidated and solo level and breach at either level shall trigger write-off.

As the capital adequacy is applicable both at solo and consolidated levels, the minority interests in respect of capital instruments issued by subsidiaries of the Banks including overseas subsidiaries can be included in the consolidated capital of the banking group only if these instruments have loss absorbency at the PONV. The cost to the parent of its investment in each subsidiary and the parent's portion of equity of each subsidiary, at the date on which investment in each subsidiary is made, is eliminated as

	<p>per AS-21. So, in case of wholly-owned subsidiaries, it would not matter whether or not it has same characteristics as the Bank's capital. However, in the case of less than wholly owned subsidiaries, minority interests constitute additional capital for the banking group over and above what is counted at solo level; therefore, it should be admitted only when it (and consequently the entire capital in that category) has the same characteristics as the Bank's capital. In addition, if the Bank wishes the instrument issued by its subsidiary to be included in the consolidated group capital, the terms and conditions of that instrument must specify an additional trigger event</p> <p>The additional trigger event is the earlier of:</p> <p>(A) a decision that write-off of the Bonds, without which the Bank or the subsidiary would become non-viable, is necessary, as determined by the Reserve Bank of India; and</p> <p>(B) the decision to make a public sector injection of capital, or equivalent support without which the Bank or the subsidiary would have become non-viable, as determined by the Reserve Bank of India. Such a decision would invariably imply that the write-off of the Bonds consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted</p>
Prohibition on Purchase/ Funding of Bonds	Neither the Bank nor a related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards) shall purchase the Bonds, nor shall the Bank directly or indirectly fund the purchase of the Bonds. The Bank shall also not grant advances against the security of the Bonds issued by it.
Treatment in Bankruptcy/ Liquidation	The Bondholders shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) of the Bonds except in case of bankruptcy and liquidation of the Bank.
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Kolkata (West Bengal)
Re-capitalization	Nothing contained in this term-sheet or any transaction documents shall hinder recapitalization by the issuer.
Applicable RBI Regulations	<p>The present issue of Bonds is being made in accordance with RBI. Master Circular No. RBI/2015-16/58 DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 issued by the Reserve Bank of India on Basel III capital regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier II Capital (Annex 5 of the Master Circular) and minimum requirement to ensure loss absorbency of non-equity regulatory capital instruments at the Point of Non Viability (PONV) (Annex 16 of the Master Circular) and subsequent amended thereof.</p> <p>In the case of any discrepancy or inconsistency between the terms of the Bonds or any other Transaction Document and the Basel III Guidelines, the</p>

	provisions of the Basel III Guidelines shall prevail
Applicable SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/1 3/1 27878 dated June 06 2008, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012- 13/19/5392 dated October 12, 2012, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended and securities and Exchange Board of India (Issue and listing of debt securities) (Amendment) Regulations, 2015 issued vide circular No. LAD-NRO/GN/2014-15/25/539 dated March 24, 2015 and SEBI circular No. CIR/IMD/DF1/48/2016 dated Apr 21,2016 and SEBI (Issue and Listing of Debt Securities) Amendment Regulations ,2017 issued vide circular no SEBI/LAD/NRO/GN/2017-18/009 dated June 13,2017 read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, each as amended from time-to-time)
Cross Default	Not Applicable
Events of Default	<p>Failure on the part of the Bank to forthwith satisfy all or any part of payments in relation to the Bonds when it becomes due (i.e. making payment of any installment of interest or repayment of principal amount of the Bonds on the respective due dates) (except in case of regulatory requirements prescribed under Applicable RBI Regulations), shall constitute an Event of Default for the purpose of the Issue</p> <p>The Bondholder shall have no rights to accelerate the repayment of future scheduled payments (Coupon or Principal) except in bankruptcy and liquidation.</p> <p>The Bank shall notify all instances of non-payment of coupon/ interest to the Chief General Managers-in-Charge of Department of Banking Regulation and Department of Banking Supervision of the Reserve Bank of India, Mumbai</p>
Additional Covenants	<p>(A) Default in Payment: In case of default in payment of interest and/ or principal redemption on the due dates (except in case of regulatory requirements prescribed under Applicable RBI Regulations), the Bank shall pay additional interest at the rate of 2.00% p.a. over the Coupon Rate for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and upto but excluding the date on which such amount is actually paid.</p> <p>(B) Delay in Listing: The Bank shall make listing application to NSE within 4 days from the Deemed Date of Allotment of the Bonds and seek listing permission within 4 days from the Deemed Date of Allotment of Bonds. In case of delay in listing of the Bonds beyond 4 days from the Deemed Date of Allotment, the Bank shall pay penal interest at the rate of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the deemed Date of Allotment till the listing of</p>

	<p>Bonds to the Bondholder(s).</p> <p>The interest rates mentioned in covenants (a) and (b) shall be independent of each other</p>
Debenture Redemption Reserve	<p>The Ministry of Corporate Affairs, Government of India has vide circular no. 11/02/2012- CL-V(A) dated February 11, 2013, clarified that no Debenture Redemption Reserve is required for debentures issued by Banking Companies for both public as well as privately placed debentures. The Bank has appointed a trustee to protect the interest of the Bondholders.</p>
Transaction Documents	<p>The Bank has executed/ shall execute the documents including but not limited to the following in connection with the Issue:</p> <ol style="list-style-type: none"> Letter appointing Trustee to the Bondholders; Debenture Trustee Agreement; Letter appointing Registrar and Agreement entered into between the Issuer and the Registrar; Rating letter from Acuite Rating & Research. Rating letter from India Ratings & Research Tripartite Agreement between the Bank; Registrar and NDSL for issue of Bonds in dematerialized form; Tripartite Agreement between the Bank; Registrar and CDSL for issue of Bonds in dematerialized form; Application made to NSE for seeking its in-principle approval for listing of Bonds; Listing Agreement with NSE. Disclosure Document/Information Memorandum
Conditions to subscription of Bonds	<p>The subscription from applicants shall be accepted for allocation and allotment by the Bank subject to the following:</p> <ol style="list-style-type: none"> Rating letter from India Rating & Research and Acuite rating & Research not being more than one month old from the issue opening date; Consent letter from the debenture Trustees to act as Trustee to the Bondholder(s); Letter from NSE conveying in-principle approval for listing and trading of Bonds.
Conditions subsequent to subscription of Bonds	<p>The Bank shall ensure that the following documents are executed/ activities are completed as per terms of the Disclosure Document</p> <ol style="list-style-type: none"> Credit of demat account(s) of the Allottee(s) by the number of Bonds allotted within 2 working days from the Deemed Date of Allotment Making application to NSE within 4 days from the Deemed Date of Allotment to list the Bonds and seek listing permission within 4 days from the Deemed Date of Allotment. Besides, the Bank shall perform all activities, whether mandatory or otherwise, as mentioned in the Disclosure Document.
Role and Responsibilities of	<p>The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s)</p>

Trustees	<p>of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trustee Agreement, Private Placement Offer Letter and all other related transaction documents, with due care, diligence and loyalty.</p> <p>The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis.</p> <p>The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Uniform Listing Agreement issued by SEBI vide circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all 'Qualified Institutional Buyers' (QIBs) within two working days of their specific request.</p>	
Issue Schedule *	Issue Opening Date	XX Feb 2021
	Issue Closing Date	XX Feb 2021
	Pay-In Dates	XX Feb 2021
	Deemed Date of Allotment	XX Feb 2021

*The Bank reserves its sole and absolute right to modify (pre-pone/ post-pone) the above issue schedule without giving any reasons or prior notice. In such a case, applicants shall be intimated about the revised time schedule by the Bank. The Bank also reserves the right to keep multiple Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Dates is/are changed (pre-poned/ post-poned), the Deemed Date of Allotment may also be changed (pre-poned/ post-poned) by the Bank at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Bank

S. DISCLOSURE OF ILLUSTRATIVE CASH FLOWS

In pursuance of SEBI circular no. CIR/IMD/DF/18/2013 dated October 29, 2013 read with SEBI Circular No. CIR/IMD/DF-1/122/2016 dated Nov 11 2016 set forth below is an illustration for guidance in respect of the day count convention and effect of holidays on payments.

Issuer	UCO Bank
Face Value	10,00,000 (Rupees Ten Lac only) per Bond
Deemed Date of Allotment	Feb XX, 2021
Redemption	Feb XX, 2031 (On the Tenth anniversary from the