



A Government of India Undertaking
Constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act,
1970

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**ISSUE OF UPTO 30,000 (THIRTY THOUSAND) UNSECURED, NON-
CONVERTIBLE, REDEEMABLE BASEL III COMPLIANT TIER 2 BONDS
FOR INCLUSION IN TIER 2 CAPITAL IN THE NATURE OF DEBENTURES
OF FACE VALUE OF RS. 10,00,000 (RUPEES TEN LAKHS ONLY) EACH
("BONDS") AT PAR AGGREGATING UP TO RS. 1,000 CRORES (RUPEES
ONE THOUSAND CRORES ONLY) WITH AN OPTION TO RETAIN
OVERSUBSCRIPTION, AT THE SOLE DISCRETION OF THE BANK, FOR
AN AMOUNT OF UP TO RS. 2,000 CRORES (RUPEES TWO THOUSAND
CRORES ONLY) ON A PRIVATE PLACEMENT BASIS ("ISSUE"), BY
CANARA BANK ("ISSUER" OR "BANK")**

DISCLOSURE DOCUMENT

Date: 13.04.2016

BACKGROUND

This Disclosure Document has been prepared in conformity with the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended pursuant to the 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 and the 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 and as may be amended from time to time (together, the "**SEBI Debt Regulations**") and the Reserve Bank of India ("**RBI**") Master circular on 'Basel III Capital Regulations' issued vide circular no. RBI/2015-16/58 DBR.NO.BP.BC.1/21.06.201/2015-16 dated July 1, 2015 and as may be amended from time to time (together, the "**Basel III Regulations**").

This Disclosure Document is related to the Bonds to be issued by the Issuer on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Bonds. The Issue has been authorized by the Issuer through a resolution passed by the Board of Directors of the Issuer on March 21, 2016.

GENERAL RISK

As the Issue is being made on a private placement basis, this Disclosure Document has not been submitted to or cleared by the Securities and Exchange Board of India (“SEBI”). The Issue has not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Disclosure Document. Investment in debt and debt related securities involve a degree of risk and investors should not invest any funds in debt instruments unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the Disclosure Document carefully before investing in the Bonds. For taking an investment decision, investors must rely on their examination of the Issue including the risks involved in it.

The Bonds are capital instruments and not deposits of the Bank and they cannot be used as collateral for any loan made by the Bank or any of its Subsidiaries or Affiliates. The Bonds are different from fixed deposits and are not covered by deposit insurance. Unlike fixed deposits where deposits are repaid at the option of deposit holder, the Bonds are not redeemable at the option of the Bondholders or without the prior consent of RBI. The Bonds are subject to features (including write-off at the Bank's PONV, as determined by RBI), which may impact the payment of interest and principal.

ISSUER’S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Disclosure Document contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Disclosure Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Disclosure Document as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

Basel III compliant Tier 2 Bonds:

The Bonds proposed to be issued by the Bank have been assigned the following rating:

- (i) ‘CRISIL AAA/ Negative’ (pronounced “CRISIL triple A rating with negative outlook”) by CRISIL Limited vide its letter dated March 28, 2016. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
- (ii) [ICRA] AAA(hyb) (pronounced “ICRA Triple A hybrid) rating with negative outlook”) by ICRA Limited vide its letter dated March 28, 2016. Instruments with an [ICRA]AAA rating are considered to have a highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

(iii) 'IND AAA' rating with a Stable Outlook by India Ratings & Research Limited vide its letter dated April 7, 2016.

The rating(s) are not a recommendation to buy, sell or hold securities and investors should take their own decisions. The rating may be subject to revision or withdrawal at any time by the assigning Rating Agency on the basis of new information. Each rating should be evaluated independent of any other rating.

LISTING

The Bonds are proposed to be listed on the Wholesale Debt Market ("WDM") segment of the National Stock Exchange of India Limited ("NSE").

Registrars to the Issue

Canbank Computer Services Limited

R & T Centre
218, J.P. Royale,
1st Floor, 2nd Main,
Sampige Road (Near 14th Cross)
Malleswaram, Bengaluru – 560 003
Tel. No: 080 2346 9661
E mail: canbankrta@csl.co.in

Trustees to the Bondholders

SBICAP Trustee Company Ltd

Corporate Office,
Apeejay House ,
6th Floor, 3 Dinshaw Wachha Road,,
Churchgate,
Mumbai – 400 020
Tel No: 022-43025555
Fax : 022-22040465
Email: corporate@sbicaptrustee.com

Restricted

This Schedule, prepared pursuant to the SEBI Debt Regulations for the private placement of Bonds, is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public generally to subscribe for or otherwise acquire the Bonds to be issued by the Issuer. This is only an information brochure intended for private use.

ISSUE SCHEDULE

| | | |
|---|---|---|
| Issue Opening Date: 18.04.2016 | Issue Closing Date: 27.04.2016 | Deemed Date of Allotment: 27.04.2016 |
|---|---|---|

The Issuer reserves the right to change the Issue Schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

DISCLAIMERS

GENERAL DISCLAIMER

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I. DEFINITIONS AND ABBREVIATIONS

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| Allotment | The issue and allotment of the Bonds to the successful Applicants in the Issue. |
| Allottee | A successful Applicant to whom the Bonds are allotted pursuant to the Issue, either in full or in part. |
| Applicant/ Investor | A person who makes an offer to subscribe the Bonds pursuant to the terms of this Disclosure Document and the Application Form. |
| Application Form | The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for allotment of Bonds in the Issue. |
| Basel III Regulations or RBI Guidelines | The term Basel-III Regulations or RBI Guidelines in the Disclosure Document, the Term Sheet and the notes to the Term Sheet refers to the RBI Master Circular on 'Basel III Capital Regulations' issued vide circular no. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015, as amended from time to time. |
| Bondholder(s) | Any person or entity holding the Bonds and whose name appears in the list of Beneficial Owners provided by the Depositories. |
| Beneficial Owner(s) | Bondholder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996). |
| Board/ Board of Directors | The Board of Directors of Canara Bank or a committee constituted thereof, unless otherwise specified. |
| Bond(s) | Unsecured, non-convertible, redeemable Basel III compliant Tier 2 Bonds for inclusion in Tier 2 capital in the nature of debentures of face value of Rs 10,00,000 (Rupees Ten Lakhs only) each to be issued at par by the Issuer through private placement route under the terms of this Disclosure Document. |
| CAR | Capital Adequacy Ratio. |
| CAGR | Compounded Annual Growth Rate |
| CBSL | Canara Bank Securities Limited |
| CCSL | Canbank Computer Services Limited. |

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| CDSL | Central Depository Services (India) Limited. |
| CFL | Canbank Factors Limited. |
| CFHL | Canfin Homes Limited. |
| CIBL | Commercial Indo Bank LLC. |
| CRAMC | Canara Robeco Asset Management Company Limited. |
| CRAR | Capital to Risk weighted Assets Ratio. |
| CRISIL | Credit Rating Information Services of India Limited. |
| CSR | Corporate Social Responsibility. |
| CVCFL | Canbank Venture Capital Fund Limited. |
| Canfina | Canbank Financial Services Limited. |
| Companies Act | The Companies Act, 1956 as amended (without reference to the sections thereof that have ceased to have effect upon notification of sections of the Companies Act, 2013) read with applicable provisions of the Companies Act, 2013, to the extent notified and in effect. |
| Debenture Trustee Regulations | Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended from time to time. |
| Deemed Date of Allotment | The cut-off date declared by the Bank from which all benefits under the Bonds including interest on the Bonds shall be available to the Bondholder(s). The actual allotment of Bonds (i.e. approval from the Board of Directors or a Committee thereof) may take place on a date other than the Deemed Date of Allotment. |
| Depository | A Depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time. |
| Depositories Act | The Depositories Act, 1996, as amended from time to time. |
| Depository Participant | A depository participant as defined under Depositories Act. |
| Disclosure Document or Information Memorandum | Disclosure document dated 13.04.2016 in relation to the private placement of unsecured non-convertible redeemable Basel III compliant Bonds for inclusion in Tier 2 Capital in the nature of debentures of face value Rs.10,00,000 each at par aggregating up to |


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| | Rs. 1,000 Crores (Rupees One Thousand Crores only) with an option to retain oversubscription, at the sole discretion of the Bank, for an amount of up to Rs. 2,000 Crores (Rupees Two Thousand Crores only). |
| DP | Depository Participant as defined under the Depositories Act. |
| DRR | Bond/ Debenture Redemption Reserve. |
| ECGC | Export Credit & Guarantee Corporation of India. |
| ECS | Electronic Clearing Service |
| EGM | Extraordinary General Meeting |
| EPS | Earnings Per Share. |
| FIs | Financial Institutions. |
| Financial Year/ FY | Period of twelve months ending March 31, of that particular year. |
| GIR | General Index Registration Number |
| GOI | Government of India/ Central Government. Restricted |
| ICRA | ICRA Limited |
| India Ratings & Research | India Ratings & Research Private Limited |
| IPO | Initial Public Offering. |
| Issue | Private placement of unsecured non-convertible Tier 2 Basel III compliant Bonds 2016-17, for inclusion in Tier 2 Capital in the nature of debentures of face value Rs.10,00,000 each at par aggregating up to Rs. 1,000 Crores (Rupees One Thousand Crores only) with an option to retain oversubscription, at the sole discretion of the Bank, for an amount of up to Rs. 2,000 Crores (Rupees Two Thousand Crores Only) by the Issuer. |
| Issuer/ Bank | Canara Bank, constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1969 and having its Head Office at 112, J. C. Road, Bengaluru – 560 002. |
| IT Act | The Income Tax Act, 1961, as amended from time to time. |



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| Listing Agreement | Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated November 26, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-1/2010 dated January 07, 2010, further amendment to debt listing agreement and disclosure issued by SEBI vide circular no. CIR/IMD/DF/18/2013, dated 29.10.2013 and vide SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 circular no. SEBI/LAD-NRO/GN/2015-16/013 dated September 2, 2015. |
| MD & CEO | Managing Director and Chief Executive Officer of the Issuer. |
| MSME | Micro Small and Medium Enterprises |
| NASSCOM | National Association of Software and Services Companies. |
| NECS | National Electronic Clearing Service. |
| NEFT | National Electronic Funds Transfer. |
| NRI | Non-Resident Indian. |
| NPA | Non-performing asset. |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited, being the stock exchange on which the Bonds are proposed to be listed. |
| PAN | Permanent Account Number. |
| PONV | Point of Non-Viability. |
| PONV Trigger | <p>The PONV Trigger event shall be as defined in Basel III Regulations and the PONV Trigger event shall be the earlier of:</p> <p>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</p> <p>b) the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become</p> |

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| | <p>non-viable, as determined by the relevant authority. 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>For this purpose, the Bank will be considered non-viable if:</p> <p>The 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 the 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 would include permanent write-off in combination with or without other measures as considered appropriate by the Reserve Bank of India (RBI).</p> <p>The Bank facing financial difficulties and approaching a PONV shall be deemed to achieve viability if within a reasonable time in the opinion of RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including write-off/public sector injection of funds are likely to:</p> <ul style="list-style-type: none"> a) Restore confidence of the depositors/ investors; b) Improve rating/ creditworthiness of the bank and thereby improving 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 to be written-off will be determined by RBI. The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level may trigger write-off.</p> |
| Record Date | Reference date for payment of interest/ repayment of principal. |
| Rs./INR/ ₹ | Indian National Rupee |
| RBI | Reserve Bank of India |
| RRB | Regional Rural Bank |

| | |
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| RTGS | Real Time Gross Settlement |
| Registrar | Registrar to the Issue, in this case being Canbank Computer Services Limited. |
| SEBI | The Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992. |
| SEBI Debt Regulations | Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, 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 may be amended from time to time. |
| TDS | Tax Deducted at Source. |
| Tier 2 Capital | Tier 2 Capital shall have the meaning ascribed to it under clause 4.2.5 of the Basel III Regulations. |
| Trustee/ Bond Trustee/ Debenture Trustee | Trustee for the Bondholders in this case being SBICAP Trustee Company Ltd |
| USD/ US\$/ \$ | United States Dollar |
| WDM | Wholesale Debt Market |
| y-o-y | Year over year |

II. ISSUER INFORMATION

| A. Name and Address of the Issuer | |
|--|--|
| Name of the Issuer | Canara Bank |
| Head Office | <p>No. 112, J C Road, Bengaluru – 560002</p> <p>Tel No.: 080 2222 1581 Fax No.: 080 2224 8831</p> <p>Website: www.canarabank.com</p> <p><u>Treasury & Investments Division</u></p> <p>Integrated Treasury Wing, Canara Bank Building, 6th Floor, Plot No. C-14, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.</p> <p>Tel No.: 022 2672 5061 Fax No.: 022 2672 5250 E-mail: tidmum@canarabank.com</p> |
| Compliance Officer for the Issue | <p>B Nagesh Babu Company Secretary, Secretarial Department, MD & CEO's Secretariat Head Office, 112, J.C. Road, Bengaluru - 560 002 Phone : 080- 2210 0250 Fax 080- 2224 8831 E.Mail: hosecretarial@canarabank.com</p> |
| Chief Financial Officer of the Issuer | <p>Shri N Selvarajan General Manager & Chief Financial Officer Canara Bank Head Office, Bengaluru – 560 002 Tel: 080- 2224 9989 E Mail: fmwing@canarabank.com</p> |
| Arrangers to the Issue |  <p>ICICI Bank Limited ICICI Bank Tower</p> |

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| | <p>Bandra Kurla Complex Bandra (East) Mumbai – 400 051 Tel. No.: 022 2653 8980 9967821080 Fax No.: 022 2653 1099 Contact person: Sanket Jain Email: sanket.jain@icicibank.com</p> <p> AXIS BANK</p> <p>Axis Bank Limited Axis House, 8th Floor C -2, Wadia International Centre, Worli, Mumbai – 400 025 Tel. No.: 022 6604 3293 9820342215 Fax No.: 022 2425 3800 Contact person: Vikas Shinde Email: vikas.shinde@axisbank.com</p> <p> <i>In partnership. With trust.</i></p> <p>Trust Investment Advisors Private Limited 1101, Naman Center, G- Block, C-31, Bandra Kurla Complex Bandra (East) Mumbai – 400 051 Tel. No.: 022 4224 5120 9870283954 Fax No.: 022 4084 5066 Contact person: Kamlesh Biyani Email: kamlesh.biyani@trustgroup.co.in</p> |
| Trustees to the Bondholders | <p>SBICAP Trustee Company Ltd Corporate Office, Apeejay House, 6th Floor 3 Dinshaw Wachha Road, Churchgate, Mumbai- 400 020 Tel: 022-43025555 Fax: 022-22040465 Email: corporate@sbicaptrustee.com</p> |

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| Registrar to the Issue | Canbank Computer Services Limited R&T Centre, #218, JP Royale, 1st Floor, 2nd Main, Sampige Road, (Near 14th Cross), Malleswaram, Bengaluru – 560 003 Tel: (080) 23469661 Fax:(080) 23469667 E mail: canbankrta@ccsl.co.in | |
| Credit Rating Agencies | CRISIL Limited CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai 400076 Tel No: 022 33423000 Fax No: 022 33423050 India Ratings and Research Private Limited, Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra East, Mumbai 400051 Tel No: 022 40001700 Fax No: 022 40001701 | ICRA Limited 1105, Kailash Building 11th Floor 26, Kasturba Gandhi Marg New Delhi 110 001 Tel No: 011 23357940-50 Fax No: 011 23357014 |
| Auditors of the Issuer | M/s. S C Vasudeva & Co. Chartered Accountants Firm Registration No: 000235N B-41, Panchsheel Enclave New Delhi- 110 017 Tel. No. : 011-26499111, 222, 444, 555 Fax: 011-41749444 Email: sanjay@scvasudeva.com ashish@scvasudeva.com abhinav@scvasudeva.com info@scvasudeva.com M/s Vinay Kumar & Co. Chartered Accountants Firm Registration No: 000719C 1st Floor, Chandra Shekhar Azad Mkt. 5, Sardar Patel Marg, Civil Lines Allahabad – 211 001 U.P | |

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| | <p>Tel. No. 0532-2408602 Fax- 0532-2408839 Email: vinaykumarandco@gmail.com nikhilko@gmail.com</p> <p>M/s RamRaj & Co. Chartered Accountants Firm Registration No: 002839 65, 4th Floor 29th A Cross Geetha Colony 4th Block Jayanagar Bangalore 560 011 Tel. No: 080-22445567 Email: ramraj12@gmail.com gvrao12@gmail.com</p> <p>M/s V K Niranjana & Co. Chartered Accountants Firm Registration No. 002468S Kurubara Sangha Building 202&204 Kanakadasa Circle Gandhi Nagar, Bangalore 560 009 Tel. No.: 080-22267769 Fax: 080-22910027 Email: vkniranjana co@yahoo.com</p> <p>M/s J L Sengupta & Co 70A, Lenin Sarani I Floor Kolkata 700 013 Tel. No.: 033-2264 5633 Email: cajlsco@gmail.com</p> <p>M/s J Singh & Associates 505/506/507 Hubtown Viva Shankarwadi, Western Express Highway, Jogeshwari (E), Mumbai 400 060 Tel. No.:022-66994618 Email: ca_jsingh@rediffmail.com</p> |
| Legal Counsel for the present issue of Tier 2 Bonds | <p>Luthra & Luthra Law Offices 20th Floor, Tower 2, Unit A2, India Bulls Finance Centre, Elphinstone Road, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013 PH: 91-22-43547000, 2266303600</p> |

B. Brief summary of the business/ activities of the Issuer and its line of business

i. Overview and History:

We are one of the leading public sector commercial banks in India, offering banking products and services to corporate, small and medium-sized enterprises, retail and agricultural customers. The Bank was founded in July 1906 as a private entity and was nationalised in July 1969. According to data published by the Indian Banks' Association, we were among the top five Public Sector Banks in terms of assets as of March 31, 2015. The Bank is also one of the largest nationalised banks in India in terms of total advances and deposits, which amounted to ₹808283 Crores and we have over 696.2 lakh customers, as of September 30, 2015. The Government of India owns 66.30% of shareholding of the Bank, as on September 30, 2015, and accordingly, exercises control over our management and operations.

We have been conferred with several awards and accolades in recognition of our various initiatives. Our recent awards and accolades include the **Global Visa Service Quality Performance Award, 2014**, for consistent and superior operating performance, **Dun & Bradstreet Banking Awards 2015** for Best Bank under Priority Sector Lending and Best Retail Growth performer amongst the PSBs, **National Awards for Excellence in CSR & Sustainability, 2015**, constituted by World CSR Congress under Best Overall Excellence in CSR category, **Pandit Madan Mohan Malaviya Gold Award** for the project Canara Sahara, a CSR activity in education and rehabilitation of physically challenged, **2nd Prize in Region 'C' under Rajbhasha Kirti Pursakar, 2014-15**, by Govt. of India, **Reserve Bank Rajbhasha Shield** for effective implementation of Official Language in Region 'C' for the year 2013-14, **36th rank in Brandz India's 50 Most Valuable Indian Brands 2015** compiled by the research agency Millward Brown and commissioned by WPP Plc, a worldwide communications service group, **Special Award for the Best Financial Institution – Gold, 2015**, by the Federation of Karnataka Chamber of Commerce & Industry (FKCCI), Bengaluru, **Order of Merit for SME Enablement during 2014-15** by SKOCH Group, **Golden Peacock Business Excellence Award 2015**, **MSME Banking Excellence Awards 2014-** organised by Chamber of Micro, Small and Medium Enterprises (CIMSMEs), **"Asia HRD Award"** under the category 'contribution to organisation' of the Asia HRD Congress Award 2014, **Ranked 1st among Public Sector Banks** in an article on India's Best Companies for CSR published in the "Corporate Dossier" of Economic Times.

We are engaged in a wide variety of banking activities, such as **Corporate, Small and Medium-Sized Enterprises** and **Retail Banking**, and offer a wide range of financial products and services to **Corporate, SME and Retail Customers**, including both **Resident and Non-Resident Indians**. We also provide funding to sectors identified by the Government as Priority Sectors, such as **Agricultural and Small Scale Industries**. Our **Corporate Banking Services** cater to the banking needs of **Large and Medium-Sized Corporations**. We offer a variety of corporate banking services including medium to long term project financing, working capital financing, syndicated loans, short-term credit products linked to market benchmarks and others. Our SME banking services include providing project and corporate finance, working capital,

short term credit, cash management and treasury products. Our retail banking services include consumer lending and deposit services. We offer a wide range of consumer credit products, including personal loans, home loans, vehicle loans, education loans, mortgage loans and credit card services. Our deposit products include savings accounts, time deposits and tailored deposit products for customers in various sectors, such as accounts for high net worth individuals, non-resident Rupee accounts, **Recurring Deposits** schemes and tax-saving deposit products.

The Bank's other businesses include bancassurance (marketing and distribution of life, non-life and health insurance products), marketing and distribution of mutual fund products, executor, trustee and taxation services, depository services, safe deposit box services, Government business, agricultural consultancy services and merchant banking.

We also undertake business in the areas of housing finance, priority sector lending in rural areas through our RRBs. Other activities like asset management, factoring, stock broking and equity trading, software development and consultancy, venture capital and life insurance are done through our Subsidiaries and Associates.

Our total assets have increased from ₹374160 Crores as of March 31, 2012 to ₹548001 Crores as of March 31, 2015 at a CAGR of 13.56%. Our total deposits have grown from ₹327054 Crores as of March 31, 2012 to ₹473840 Crores as of March 31, 2015 at a CAGR of 13.15%. Our total advances have increased from ₹232490 Crores as of March 31, 2012 to ₹330036 Crores as of March 31, 2015 at a CAGR of 12.39%. Our total income has increased from ₹33778 Crores as of March 31, 2012 to ₹48300 Crores as of March 31, 2015 at a CAGR of 12.66%. Our net profit was at ₹3283 Crores for the year ended March 31, 2012 and ₹2703 Crores for the year ended March 31, 2015. In addition, our total number of branches has increased from 3600 as of March 31, 2012 to 5682 as of March 31, 2015 at a CAGR of 16.43%.

As at September 2015, the **total assets** of our bank stood at ₹558848 Crores. As at September 2015, the total business of our bank stood at ₹808283 Crores comprising **total deposits** of ₹485206 Crores and **total advances** of ₹323077 Crores. The **total income** of our bank stood at ₹24731 Crores with a **net profit** of ₹1008 Crores as at September 2015. In addition, the number of branches was at 5734 as of September 30, 2015.

ii. Main Objects

Founded as "Canara Bank Hindu Permanent Fund" in 1906, by late Shri Ammembal Subba Rao Pai, a philanthropist, this small seed blossomed into a limited company as "Canara Bank Ltd." in 1910 and became Canara Bank in July 1969 after nationalization. The main objects of the Bank at the time of the nationalization, as laid down in the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, are as under:

"To control the heights of economy and to meet progressively, and serve better, the needs of development of the economy in conformity with national policies and objectives and for matters connected with or incidental thereto."

The Bank carries on and transacts the business of banking i.e. "accepting for the purpose of lending or investment, of deposits of money from public, repayable on demand or otherwise, and withdrawal by cheque, draft, order or otherwise" as defined under Clause 1(b) of Section 5 of the Banking Regulation Act, 1949. The banking business is governed by Section 3 (7) and

Section 3 (5) of Chapter II of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970.

Canara Bank, in the course of its business as a commercial bank, accepts funds at the primary level, to be placed into various kinds of deposit accounts and to be lent to various categories of borrowers. It also extends banking services under various market segments, namely, personal banking, corporate banking, agricultural banking, international banking, merchant banking, depository participant services, investment banking, credit card business, bancassurance, leasing & hire purchase etc.

iii. Financial Performance

Operating profit of the Bank increased by 2.27% to ₹ 6950 crore compared to ₹ 6796 crore last year. Total provisions and contingencies was at ₹ 4248 crore compared to ₹ 4358 crore last year. The Bank's net profit increased by 10.85% to ₹ 2703 crore for 2014-15 compared to ₹ 2438 crore last year. Return on Average Assets (RoAA) for the year improved to 0.55% against 0.54% last year. Profit per employee worked out to ₹ 5.01 lakh for the year compared to ₹ 5.00 lakh a year ago.

| Key Financial Ratios (%) | March 2014 | March 2015 |
|---|------------|------------|
| Cost of Funds | 6.80 | 6.84 |
| Yield on Funds | 8.79 | 8.78 |
| Cost of Deposits | 7.42 | 7.38 |
| Yield on Advances | 10.54 | 10.75 |
| Yield on Investments | 8.03 | 8.00 |
| Spread as a % to AWF | 1.99 | 1.94 |
| Net Interest Margin (NIM) | 2.27 | 2.25 |
| Operating Expenses to Average Working Funds | 1.35 | 1.47 |
| Return on Avg. Assets (RoAA) | 0.54 | 0.55 |
| Return on Equity | 10.59 | 11.06 |
| Business per Employee (₹ in Crore) | 14.42 | 14.35 |
| Profit per Employee (₹ in Lakh) | 5.00 | 5.01 |
| Book Value (₹) | 522.76 | 552.54 |
| Earnings per Share (₹) | 54.48 | 58.59 |

Net worth of the Bank, as at March 2015, increased to ₹ 26256 crore compared to ₹ 23394 crore as at March 2014. While total paid-up capital of the Bank was ₹ 475 crore, reserves and surplus increased to ₹ 31384 crore. In 2014-15, Government of India infused ₹ 570 crore capital in the Bank by way of preferential allotment of ₹ 1.39 crore equity shares on 31.03.2015. On account of the above, the Government of India's shareholding in the Bank increased to 69.91% from the earlier level of 69%. During the year, the Bank also raised ₹ 1500 crore Basel III compliant Tier 1 bonds, taking the total capital funds to ₹ 36137 crore.

(Amt. in Rs. Crore)

| Composition of Capital | March 2014 | March 2015 |
|------------------------|------------|------------|
| Risk Weighted Assets | 312226 | 342248 |
| CET 1 | 23132 | 25222 |
| CET 1(%) | 7.41 | 7.37 |
| AT 1 | 859 | 2238 |
| AT 1(%) | 0.27 | 0.65 |
| Tier I Capital | 23991 | 27459 |
| CRAR (%) (Tier I) | 7.68 | 8.02 |
| Tier 2 Capital | 9205 | 8678 |
| CRAR (%) (Tier 2) | 2.95 | 2.54 |
| Total Capital | 33196 | 36137 |
| CRAR (%) | 10.63 | 10.56 |

Capital Adequacy Ratio as at March 2015 stood at 10.56% against regulatory requirement of 9%. Within the capital adequacy ratio, CET 1 ratio stood at 7.37% against requirement of 5.5% and Tier I Capital ratio was at 8.02% against the requirement of 7%. Adequate headroom is available for the Bank to raise capital in order to support business growth momentum.

iv. Business Growth

Total Deposits grew by 12.63% to reach ₹473840 crore as at March 2015 compared to ₹420723 crore a year ago. During the year, the Bank shed ₹16242 crore worth high cost deposits. As a result, the share of high cost deposits came down from 6.55% as at March 2014 to 2.38% as at March 2015.

v. Advances (net)

In line with the growth recorded by the industry, the Bank's advances (net) grew by 9.62% to reach ₹330036 crore compared to ₹301067 crore a year ago. The Bank's diversified asset portfolio is spread over various productive segments of the economy, like, Agriculture, Micro, Small and Medium Enterprises (MSMEs), Exports, Retail, including Housing, Education, Vehicle and others, large Corporates and Infrastructure segments. As at March 2015, the number of borrowal accounts increased to over 72 lakh from 66 lakh last year.

vi. Total business

Total business of the Bank increased to ₹803876 crore, with a y-o-y growth of 11.37% compared to ₹721790 crore in the previous year. During the year, the Bank's total clientele accounts increased by over 1 crore to 6.57 crore from 5.55 crore.

vii. Retail Lending Operations

In line with the thrust areas set for the year, the Bank's retail lending operations recorded robust y-o-y growth.

(Amt. ₹ Crore)

| Retail Segments | As at March | | Growth | |
|---------------------------|--------------|--------------|-------------|--------------|
| | 2014 | 2015 | Quantum | (%) |
| Housing Direct | 12822 | 16480 | 3658 | 28.53 |
| Vehicle | 3099 | 3770 | 671 | 21.65 |
| Other Personal | 5845 | 10540 | 4695 | 80.33 |
| Education | 4901 | 5636 | 735 | 15.00 |
| Total Retail Loans | 33529 | 42298 | 8769 | 26.15 |

Outstanding retail loans portfolio grew by 26.15% y-o-y to ₹42298 crore as at March 2015. The disbursements during the year under various retail lending schemes amounted to ₹16590 crore. The outstanding total housing loan portfolio rose to ₹22352 crore and accounted for 53% of the total retail lending portfolio. The Bank's Vehicle loans and other personal loans increased by 21.65% and 80.33% y-o-y respectively.

viii. International Operations

The Bank's overseas operations covered 8 countries, with Seven branches at London and Leicester (UK), Hong Kong, Shanghai (China), Manama (Bahrain), Johannesburg (South Africa), New York (USA), one Representative Office at Sharjah (UAE) and a Joint Venture Bank, viz., Commercial Indo Bank LLC in Moscow, in association with State Bank of India.

All overseas branches recorded improved performance during the year 2014-15. Total business of the seven overseas branches aggregated to ₹51831 crore for the financial year ending March 2015. Overseas Business constituted 6.4% of the Bank's total business, up from 5.69% last year.

The Bank opened a branch at Johannesburg (Republic of South Africa) on May 19, 2014 and launched another branch at New York (USA) on June 9, 2014. The Bank has approval from RBI for expansion in other international centres such as, DIFC (Dubai), Frankfurt (Germany), Sao Paulo (Brazil), Dar-e-Salaam (Tanzania), Tokyo (Japan), Abuja (Nigeria), Istanbul (Turkey), Jakarta (Indonesia) and Jeddah (Saudi Arabia). Bank has plans to open a branch in DIFC Dubai and a banking subsidiary at Dar e Salaam in Tanzania during 2015-16.

The Bank has sought RBI's approval for expansion in 7 more international centres, namely, Mexico City (Mexico), Kigali (Rwanda), Singapore, Auckland (New Zealand), Sydney (Australia), Ontario (Canada) and Durban (South Africa).

The Bank's international operations are well supported by a wide network of 392 Correspondent Banks, spread across 86 countries. Rupee Drawing Arrangements with 35

Exchange Houses and 13 overseas banks are also operational for channelizing the remittances of Non Resident Indians (NRIs). The Bank is also maintaining Vostro Accounts of 14 overseas banks for facilitating remittances (retail/commercial) through Swift MT103 mode. The Bank is managing two Exchange Houses viz., Al Razouki International Exchange Company, Dubai and Eastern Exchange Est., Qatar under Secondment and Management Agreement respectively.

ix. Credit Risk Management

The Bank has various risk management systems for managing Credit Risk with comprehensive policies and procedures in place.

The Credit Risk Management Policy articulates, among others, the guidelines on:

- Lending norms for appraisal and decision making
- Delegation of credit sanctioning powers to various authorities/Credit Approval Committees based on internal risk rating of the borrowers
- Entry barriers based on risk rating
- Risk Based Pricing
- Loan Review Mechanism

An exclusive Credit Monitoring Policy has been put in place. The loan review mechanism articulated in the Credit Monitoring Policy covers the entire gamut of review and monitoring as an effective tool for evaluating the loan book continuously. It also intends to bring out qualitative improvements in credit administration, including Credit Audit/ Pre-release Audit, duly administered by the Credit Administration and Monitoring Wing, as an effective tool for evaluating the loan book continuously. It also intends to bring out qualitative improvements in credit administration including Credit Audit/ Pre-release Audit duly administered by the Credit Administration and Monitoring Wing.

x. National Priorities

The Bank continues to accord importance to varied goals under national priorities, including agriculture, micro and small enterprises, education, housing, microcredit, credit to weaker sections and specified minority communities.

Priority Sector Advances of the Bank as at March 2015 reached ₹118234 crore, recording a y-o-y growth of 20.94% and achieved 40.89% to Adjusted Net Bank Credit (ANBC) against 40% mandated norm.

(Amt. ₹ Crore)

| Priority Sector Advances | As at March | | Growth | |
|------------------------------|--------------|---------------|--------------|--------------|
| | 2014 | 2015 | Amount | % |
| Total Priority Sector | 97762 | 118234 | 20472 | 20.94 |
| Agriculture | 48797 | 58868 | 10071 | 20.64 |

| Priority Sector Advances | As at March | | Growth | |
|--------------------------|-------------|-------|--------|-------|
| | 2014 | 2015 | Amount | % |
| Direct Agriculture | 44268 | 51437 | 7169 | 16.19 |

With a focus on credit delivery to **Agriculture**, the Bank's advances under agriculture portfolio increased by 20.64% to ₹58868 crore, covering over 53 lakh farmers. Under agriculture lending, the Bank achieved 20.36% to ANBC against 18% mandated norm. During 2014-15, the Bank's agriculture credit disbursal increased to ₹45232 crore, with a growth of 9% over the previous year. Advances under **Direct Agriculture** increased by 16.19% to ₹51437 crore and achieved 17.79% to ANBC against 13.5% mandated norm. The Bank undertook special campaigns for extending Crop Loans/General Credit Cards (GCCs) facility to all farmers/non-farmers.

During the year, the Bank issued 5.85 lakh Kisan Credit Cards (KCCs), amounting to ₹8653 crore. The credit outstanding under KCCs was at ₹10330 crore as at March 2015. 5.39 lakh Kisan RuPay Cards were issued against eligible accounts of 5.85 lakh, with an achievement of 92%. During the year, the Bank also extended financial assistance to other priority sectors, such as, State sponsored organization for SCs/STs, housing and micro credit. The Bank actively participated in various **Government Sponsored Schemes**, such as, Prime Minister's Employment Generation Programme (PMEGP), National Rural Livelihood Mission (NRLM) and Differential Rate of Interest (DRI) Scheme. As at March 2015, the outstanding advances under the following Government Schemes aggregated to ₹960 crore, involving around 2.34 lakh beneficiaries.

xi. Financial Inclusion

With the basic objective of bringing the large unserved population under the banking mainstream, the Bank is striving towards a more inclusive growth by making financial products and services available to financially excluded and marginalized sections of society in particular. As per the Government of India and the Reserve Bank of India directions, the Bank has been actively pursuing the agenda of Financial Inclusion (FI), with key interventions in four groups, viz., expanding banking infrastructure, offering appropriate financial products, making extensive and intensive use of technology and through advocacy of Financial Literacy. During the year, the Bank has successfully covered all the allotted 10049 unbanked villages across the country. The Bank opened 270 Financial Inclusion (FI) branches during the year in unbanked villages, taking the total tally of FI branches to 806 under branch model. The Bank has engaged 2459 Business Correspondents Agents (BCAs) under Business Correspondents (BC) model by engaging three Corporate BCs, viz., M/s Integra Micro Systems (P) Ltd, M/s Fino Paytech and M/s CSC e-Governance Services India Ltd. Besides, the Bank had opened 544 Ultra Small Branches (USBs), out of which 65 were upgraded as FI branches. There were 479 USBs operational as at March 2015.

xii. Credit Linkage

Financial deepening is yet another endeavor by the Bank in providing various other facilities, like, In-Built Overdrafts (IODs), Kisan Credit Cards (KCCs), General Credit Cards (GCCs), Differential Rate of Interest Scheme (DRI), Self Help Groups (SHGs), Micro Credit Groups (MCGs), Micro Insurance and Micro Pension under Canara Nayee Disha Scheme. Improvement in the above credit linkages during the year is as under.

- **IODs** - In built OD facility permitted to 3.30 lakh beneficiaries, amounting to ₹66 crore.
- **KCCs** - During the year, the Bank issued 5.85 lakh KCCs, amounting to ₹8653 crore. As at March 2015, the credit outstanding under KCCs was at ₹10330 crore.
- **DRIs**- During the year, the Bank financed 70332 persons under DRI Scheme, with total assistance of ₹99 crore. DRI outstanding at the end of year was 1.71 lakh accounts, with a balance of ₹172 crore.
- **SHGs** - 41319 SHGs were formed during the year and credit linked 42066 SHGs, with credit of ₹903 crore. The outstanding SHGs at the end of the year stood at 114698 accounts, with a balance of ₹2456 crore.

xiii. Corporate Social Responsibility

Following founding principles and century old tradition, the Bank is engaged in varied Corporate Social Responsibility (CSR) activities. CSR initiatives of the Bank are multifarious, covering activities like training unemployed rural youth, providing primary health care, drinking water, community development, empowerment of women and other social initiatives.

xiv. Rural Development

The Bank, through its Canara Bank Centenary Rural Development Trust (CBCRDT), has established 34 exclusive training institutes, including 26 Rural Self Employment Training Institutes, 5 Institutes of Information Technology and 3 Artisan Training Institutes to promote entrepreneurship development among rural youth and encourage them taking up self-employment activities. During 2014-15, these Institutes trained 27960 candidates, taking the tally to 2.41 lakh unemployed youth since inception, with an impressive settlement rate of 73%.

Infotech Progress

During 2014-15, the Bank added a record 2221 ATMs, taking the total number of ATMs to 8533, spread across 4021 centers. The Bank's ATMs strength was the highest among nationalized banks. The debit card base of the Bank rose to 2.55 crore compared to 1.51 crore as at March 2014.

132 hi-tech e-lounges were functional in select branches with facilities, like, ATM, Cash Deposit Kiosk with voice guided system, Cheque Deposit Kiosk, Self Printing Passbook

Kiosk, Internet Banking Terminal, Online Trading Terminal and Corporate Website Access. Interactive Video Conference System was also made available at select e-lounges. As a result of various alternate delivery measures adopted by the Bank, e-transaction ratio increased to 50.21% as at March 2015 compared to 43.84% last year.

xv. Manpower Profile

As at March 2015, the Bank had 53894 employees on its rolls.

| | March 2014 | March 2015 |
|-------------------------------|--------------|--------------|
| Total No. of Employees | 48794 | 53984 |
| Officers | 20878 | 23372 |
| Clerks | 18770 | 20268 |
| Sub-Staff* | 9146 | 10344 |

* includes part-time employees (PTEs)

The Bank's staff comprised 43% Officers, 38% Clerks and 19% Sub-Staff. Women employees comprising 15303 constituted 28% of the Bank's total staff. The total number of ex-servicemen staff as at March 2015 stood at 546. There were 1123 Physically Challenged Employees on the rolls of the Bank.

During the year, the Bank recruited 8296 persons in various cadres, out of which, 1762 belonged to Scheduled Castes (SCs) and 571 to Scheduled Tribes (STs) categories. This includes 546 ex-servicemen recruited in various cadres during the year. 2544 women employees were recruited and 503 women employees were promoted under various cadres during the year.

xvi. Financial Super Market:

Canara Bank, with an objective of offering 'One Stop Banking' facilities for the customers, forayed into diversified business activities by opening subsidiaries during late 1980s. Today, the Bank functions as a 'Financial Supermarket' with as many as nine subsidiaries/ sponsored entities/ joint ventures in diversified fields. To unlock the potential in Subsidiaries, Bank had appointed M/s KPMG Advisory Services Private Limited as consultant for comprehensive assessment and to draw a road map for Subsidiaries/Associates. The accepted recommendations have since been implemented. All the subsidiaries/sponsored entities/ joint ventures of the Bank recorded satisfactory performance during the year.

CANFIN HOMES LIMITED (CFHL)

Canfin Homes Limited, a Sponsored Entity of Canara Bank is one of the premier housing finance entities in the country, with a stake of 43.45%. The Company sanctioned loans amounting to ₹3670 crore and disbursed loans amounting to ₹3346 crore during the year. The loan outstanding as at March 2015 was ₹8238 crore. The Company earned a profit after tax of ₹86.24 crore for the year ended March 2015 and proposed a 70% dividend for the year 2014-15.

CANARA BANK SECURITIES LIMITED (CBSL)

Canara Bank Securities Limited, (formerly Gilt Securities Trading Corporation Limited) has diversified into Capital Market related activities, mainly stock broking since 2007. The Company offers stock broking services to both institutional and retail clients. Online Trading Counter for retail customers is its flagship product and has diversified into Currency Derivatives and has a clientele base of 35172. The Company has posted a Profit after tax of ₹6.90 crore for the year ended March 2015 and paid a dividend of 12.50%.

CANARA ROBECO ASSET MANAGEMENT CO LIMITED (CRAMC)

To manage assets of Canbank Mutual Fund M/s Canbank Investment Management Services Limited was established in 1993. In the year 2007, Canara Bank divested 49% stake of Asset Management Company in favour of M/s Robeco Groep N V forming a joint venture for managing the assets of Canbank Mutual Fund. The Company has since renamed as Canara Robeco Asset Management Company Limited with a majority share of 51% held by the Bank. Assets under Management of the Company was ₹6421 crore with investor base of 5.27 lakhs. The Company is currently managing 29 Mutual Fund Schemes, including Gold EFT. The Company posted a net profit of ₹19.42 crore for the year 2014-15

CANARA HSBC ORIENTAL BANK OF COMMERCE LIFE INSURANCE COMPANY LIMITED

An Insurance Joint Venture floated by the Bank in association with internationally reputed HSBC Insurance (Asia Pacific) Holding Limited and Oriental Bank Commerce. The Company was incorporated during September 2007 and commenced business operation from 16.06.2008. The Bank has a majority shareholding of 51% in the Company. During the year, the Company reached total business premium of ₹1642 crore and recorded statutory profit of ₹102.90 crore.

CANBANK VENTURE CAPITAL FUND LIMITED (CVCFL)

Canbank Venture Capital Fund Limited is the Trustee and Manager of Canbank Venture Capital Fund and a wholly owned Subsidiary of the Bank. The Company recorded a profit after tax of ₹6.92 crore for the year 2014-15 and paid a dividend of 1000%.

CANBANK FACTORS LIMITED (CFL)

Canbank Factors Limited is a factoring Subsidiary of the Bank. During 2014-15, the Company achieved a total business turnover of ₹3072.50 crore and earned a profit after tax of ₹14.80 crore. The Company has proposed a 10% dividend for 2014-15. The Credit Rating Information Services of India Limited (CRISIL) has rated its Short Term Debt Programme, the highest 'A1+'.

CANBANK COMPUTER SERVICES LIMITED (CCSL)

Canbank Computer Services Limited is the only Software Company promoted by a Public Sector Bank in the country. Canbank Computer Services Limited is primarily engaged in IT and Software development services, training / consultancy and registrar and share transfer agency. The Company has achieved a profit after tax of ₹6.51 crore for the year.

CANBANK FINANCIAL SERVICES LIMITED (CANFINA)

Canbank Financial Services Limited is confining its activities to legal matter arising out of past transactions in securities, besides concentrating on collection of lease rentals and recovery of dues under decreed accounts.

COMMERCIAL INDO BANK LLC (CIBL)

CIBL, a joint venture of Canara Bank and State Bank of India, has been operational since April 2004 in Moscow, Russia. The Company earned a profit after tax of US\$1.05 million as on 31st March, 2015.

REGIONAL RURAL BANKS (RRBS)

The Bank has two sponsored RRBs viz., Kerala Gramin Bank, which covers entire 14 districts of Kerala with 565 branches and Pragathi Krishna Gramin Bank with 11 districts of eastern Karnataka and 645 branches. RRBs together have a branch network of 1210 and 412 ATMs. During the year, both RRBs have opened 73 branches and 135 ATMs. The aggregate business of the RRBs as at March 2015 stood at ₹40402 crore, comprising ₹20578 crore under deposits and ₹19824 crore under advances. Kerala Gramin Bank with a total business of ₹20940 crore ranked 1st amongst RRBs, followed by Pragathi Krishna Gramin Bank with ₹19462 crore. Both RRBs achieved the mandated target of 60% of total advances under priority sector lending. Gross NPA and Net NPA levels were below the tolerable level of 5% of total advances. Both RRBs registered a gross profit of ₹284.89 crore and net profit of ₹101.60 crore during the year. Their capital adequacy ratio is above the mandatory norm of 9%. RRBs are 100% CBS compliant and are ahead of their peer RRBs under technology front. They are extending IT based products, like, Mobile Banking, RuPay Debit Card services, Cheque Truncation System, e-KYC technology, Aadhaar enabled services and remittance facilities through NEFT/NGRTGS/AEPS to their customers. Kerala Gramin Bank has received 'Inclusive Finance India Award-2014' for adaptation and implementation of information technology and Pragathi Krishna Gramin Bank as 2nd runner-up, instituted by M/s Access in partnership with National Bank for Agriculture and Rural Development (NABARD) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

xvii. Implementation of Financial Inclusion and Pradhan Mantri Jan Dhan Yojana (PMJDY) in the sponsored Regional Rural Banks

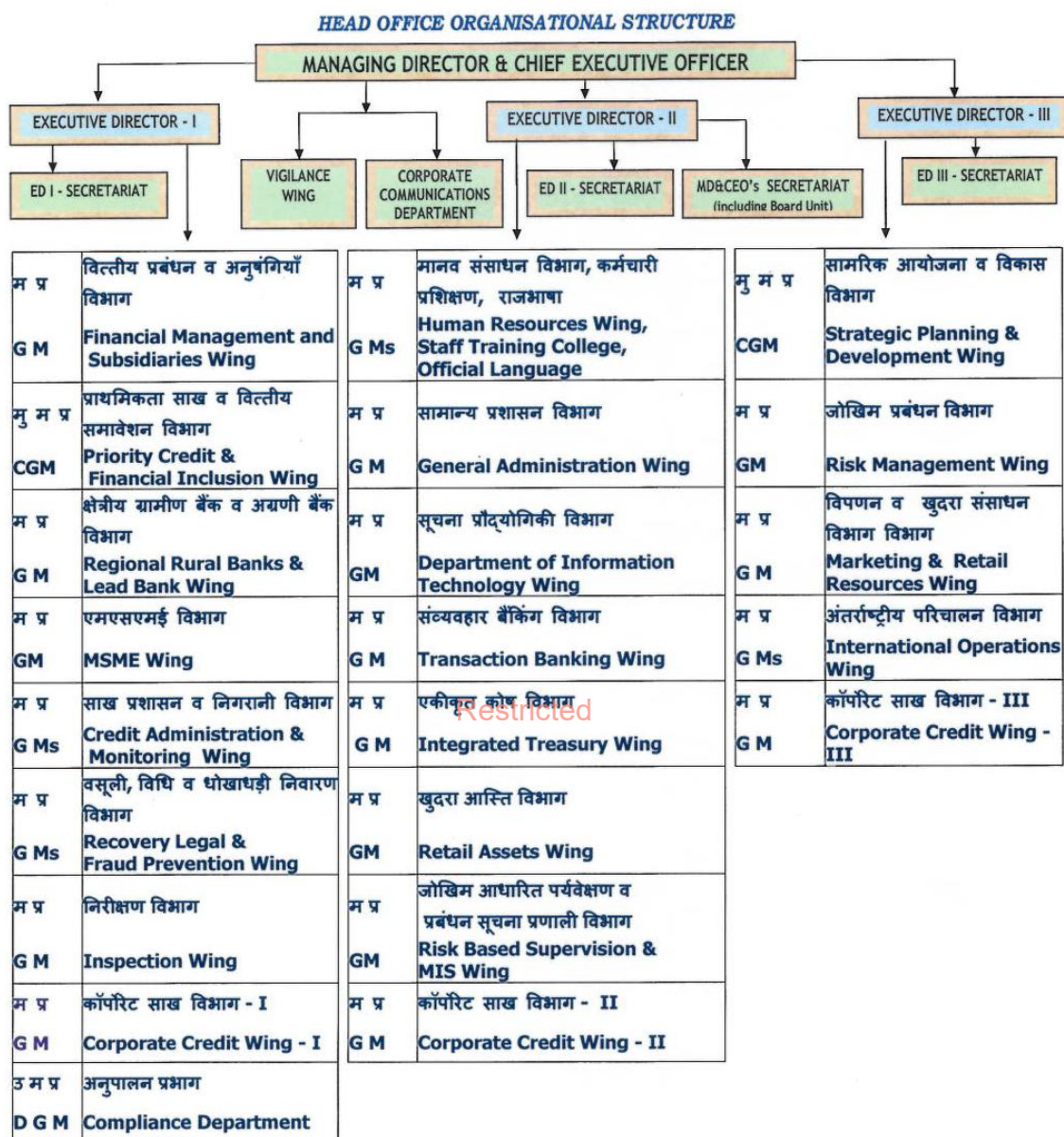
The sponsored RRBs, in addition to branches, are extending basic banking services to villages through 884 Business Correspondents (BCs) and 157 Kiosks. They have established 22 Financial Literacy Counselling Centers (FLCs) and also organizing financial literacy camps through branches in rural areas. Under PMJDY both RRBs together opened over 7.80

lakh accounts and issued RuPay Cards to all the account holders. They have covered all households in 1847 Sub-Service Areas (SSAs) and 375 wards allotted to them with at least one basic banking account and RuPay Cards. They are the first amongst RRBs to implement e-KYC technology and Aadhaar enabled Payment System (AEPS).

Restricted

ii. Corporate Structure

Organizational chart



iii. Key Operational And Financial Parameters for the last three audited years:

a. Standalone

(Rs in crores)

| Parameters | For the HY September 30, 2015 | FY 13 | FY 14 | FY 15 |
|---|--|-----------|-----------|-----------|
| Networth | 29731.78 | 21732.01 | 23393.56 | 26256.76 |
| Total Debt | 509370.40 | 376139.36 | 447953.46 | 499511.67 |
| Of which Non-Current Maturities of LTB | 13933.85 | 10971.22 | 15420.04 | 17024.06 |
| Short Term Borrowing | 9656.02 | 9236.70 | 11047.10 | 7722.51 |
| Current Maturities if LTB | 575 | 75.45 | 763.50 | 925.00 |
| Net Fixed Assets | 7212 | 2862.72 | 6641.56 | 6949.45 |
| Non Current Assets | 341617.01 | 250037.66 | 306872.62 | 333004.39 |
| Cash and Cash Equivalents | 53394.87 | 34714.7 | 44828.71 | 48641.09 |
| Current Investments | 22473.06 | 15939.85 | 7447.52 | 18407.79 |
| Current Assets | 217231.44 | 162304.95 | 185049.23 | 214996.17 |
| Current Liabilities | 275808.85 | 183042.74 | 276652.10 | 274476.49 |
| Assets Under Management | Restricted NA | NA | NA | NA |
| Off Balance Sheet Assets | NIL | NIL | NIL | NIL |
| Interest Income | 22407.15 | 34077.93 | 39547.61 | 43750.04 |
| Interest Expense | 17244.15 | 26198.94 | 30603.17 | 34086.37 |
| Provisioning & Write-offs | 2939.97 | 3017.91 | 4358.00 | 4247.74 |
| PAT | 1007.69 | 2872.1 | 2438.19 | 2702.62 |
| Gross NPA (%) | 4.27 | 2.57 | 2.49 | 3.89 |
| Net NPA (%) | 2.90 | 2.18 | 1.98 | 2.65 |
| Tier 1 Capital Adequacy Ratio (%) | 8.63 | 9.77 | 7.68 | 8.02 |
| Tier 2 Capital Adequacy Ratio (%) | 2.41 | 2.63 | 2.95 | 2.54 |

b. Gross Debt Equity Ratio of the Issuer (Rs in crores)

| Particulars | Pre-Issue (as on Dec 31, 2015) | Post Issue of Bonds of Rs 3000.00 crore |
|--|-----------------------------------|--|
| TOTAL LONG TERM DEBT ** | 18304.41 | 22204.41* |
| Total Long Term Debt | 18304.41 | 22204.41 |
| SHAREHOLDERS' FUNDS | 29731.78 | 29731.78 |
| Share Capital | 542.99 | 542.99 |
| Reserve & Surplus (excluding FCT Revaluation Reserve) | 29188.79 | 29188.79 |
| Net Worth | 29731.78 | 29731.78 |
| GROSS DEBT/ EQUITY RATIO | 0.62 | 0.75 |

** Excludes Refinance (Domestic) and Borrowings from Banks (overseas)

* includes Basel III Compliant Tier 2 bonds of Rs 900.00 crores issued by the Bank on 7th January 2016

iv. Project Cost and Means of Financing, in case of funding of new projects

The funds being raised by the Bank through present issue of Bonds are not meant for financing any particular project. The Bank shall utilize the proceeds of the Issue for its regular business activities and other associated business objectives such as discharging existing debt obligations which were generally undertaken for business operations. The Bank has to shore up its Capital base to match the growth in Assets and maintain level of CAR higher than the minimum level prescribed by RBI.

C. Brief history since incorporation giving details of the following activities

i. Details of Share Capital as on December 31, 2015

(Rs. in crore)

| Particulars | Amount |
|---|----------|
| 1. SHARE CAPITAL | |
| a. Authorized Equity Share Capital | |
| 300,00,00,000 Equity Shares of Rs.10/- each | 3,000.00 |
| b. Issued & Subscribed Equity Share Capital | |
| 54, 29,91,054 Equity Shares of Rs.10/- each fully paid up | 542.99 |
| c. Paid-up Equity Share Capital | |
| 54, 29,91,054 Equity Shares of Rs.10/- each fully paid up | 542.99 |

| | | |
|--|----|---------|
| Add: Amount of Equity Shares forfeited | -- | |
| Total Paid-up Equity Share Capital | | 542.99 |
| 2. SHARE PREMIUM ACCOUNT | | 5672.53 |

The Issue will not have any impact on the paid-up capital.

ii. **Changes in the capital structure as on last quarter end, for the last five years:**

| Particulars of change | Amount (Rs. in crore) | Date of change (AGM/ EGM) |
|---|---|---|
| Authorized Capital of the Bank increased from Rs. 1,500 crore to Rs. 3,000 crore | 3,000.00 | By notification F. No. 11/4/2009-BOA dated November 27, 2009 of Government of India |
| QIP Mode – During the month of March, 2011 | 33.00 (Issued and allotted 3.30 Crore Equity Shares through QIP Mode at an Issue price of Rs. 604/-) | Date of AGM – 19.07.2010 Allotment was made on : 15.03.2011 |
| Preferential Allotment to Government of India (Equity Shares) | 18.26 (allotment of 1,82,58,837 equity shares of Rs. 10/- each) | Date of EGM – 30.12.2013 Date of Allotment - 31.12.2013 |
| Preferential Allotment to Government of India (Equity Shares) | 13.94 (allotment of 1,39,38,134 equity shares of Rs. 10/- each) | Date of EGM – 27.03.2015 Date of Allotment - 31.03.2015 |
| Preferential Allotment to Life Insurance Corporation of India | 40.00 (allotment of 4,00,00,000 equity shares of Rs. 10/- each) | Date of EGM – 30.04.2015 Date of Allotment – 12.05.2015 |
| Preferential Allotment to Government of India (Equity Shares) | 27.79 (allotment of 2,77,94,083 equity shares of Rs. 10/- each) | Date of EGM – 29.09.2015 Date of Allotment - 30.09.2015 |

iii. **Equity Share Capital History of the Company as on the last quarter end, for the last five years:**

Details after 31.03.1999:

| Sl No | Date/ Year of allotment | No of equity share | Face value (Rs) | Issue price (Rs) | Consideration (Cash, Other than cash etc) | Nature of Allotment | Cumulative share capital | | |
|-------|--|--------------------------|-----------------|------------------|--|---------------------|--------------------------|----------------------------------|----------------------------------|
| | | | | | | | No of equity share | Equity share capital (Rs. in cr) | Equity share premium (Rs. in cr) |
| 1 | 14.12. 2002 along with IPO allotment in the year 2002-03 | 30,00,00,000 | 10.00 | -- | Held by Government of India | --- | 30,00,00,000 | 300.00 | ----- |
| 2 | 14.12 .2002 (IPO 2002-03) | 11,00,00,000 (to public) | 10.00 | 35.00 | Initial Public Officer (IPO) Placem ent of Equity Shares | IPO | 41,00,00,000 | 410.00 | 275.00 |
| 3 | 15.03 .2011 (2010 | 3,30,00,000 | 10.00 | 604.00 | Qualified Instituti | Allotment to QIBs | 44,30,00,000 | 443.00 | 2235.20 |

| | | | | | | | | | |
|---|---------------------------------|-------------|-------|------------|--|---|------------------|--------|---------|
| | -11) | | | | onal Placeme nt (QIP) | | | | |
| 4 | 31.12. 2011 (2013- 14) | 1,82,58,837 | 10.00 | 273.8 4 | Preferen tial Allotme nt to Govern ment of India | Preferenti al Allotmen t to GOI | 46,12, 58,837 | 461.26 | 2716.94 |
| 5 | 31.03. 2015 (2014- 15) | 1,39,38,134 | 10.00 | 408.9 5 | Preferen tial Allotme nt to Govern ment of India | Preferenti al Allotmen t to GOI | 47,51, 96,971 | 475.20 | 3273.01 |
| 6 | 12.05. 2015 (2015- 16) | 4,00,00,000 | 10.00 | 380.0 8 | Preferen tial Allotme nt to LIC of India / Schemes of LIC | Preferenti al Allotmen t to LIC of India / Schemes of LIC | 51,51, 96,971 | 515.20 | 4753.33 |
| 7 | 30.09. 2015(2 015- 16) | 2,77,94,083 | 10.00 | 340.7 2 | Preferen tial Allotme nt to Govern ment of India | Preferenti al Allotmen t to GOI | 54,29, 91,054 | 542.99 | 5672.54 |

iv. **Details of any acquisition or amalgamation in the last 1 year**

None

v. Details of any Reorganization or Reconstruction in the last 1 year:

| Type of Event | Date of Announcement | Date of Completion | Details |
|--|----------------------|--------------------|---|
| Formation of Corporate Communications Department. CC&PR Section under Marketing & RR Wing renamed as P&PR Section. | 06.10.2015 | 06.10.2015 | 1. Formation of Corporate Communications Department. The Department shall be directly reporting to MD&CEO. 2. Corporate Communications & Public Relations (CC&PR) Section under Marketing & RR Wing renamed as Publicity & Public Relations Section under the M&RR Wing with the existing objectives & functions of the section. |
| Merger of functions of TR&FP Wing with Recovery Wing. | 11.12.2015 | 11.12.2015 | 1. Merger of functions of TR & FP Wing with Recovery Wing 2. Formation of an exclusive Technology Risk & Fraud Prevention Division [TR & FP Division] under Recovery Wing |
| Renaming of Recovery Wing as Recovery Legal & Fraud Prevention Wing | 06.02.2016 | 06.02.2016 | Renaming of Recovery Wing as Recovery Legal & Fraud Prevention Wing |

D. Details of shareholding of the Bank as on the latest quarter end

i. Shareholding pattern of the Bank as on December 31, 2015

| Sr. No. | Particulars | Total No. of Equity Shares | No. of Shares in demat form | Total Shareholding as % of total no of equity shares |
|---------|--------------------------------------|----------------------------|-----------------------------|--|
| 01. | Central Government/ State Government | 359991054 | 332196971 | 66.30 |
| 02. | Mutual Funds | 27410888 | 27410888 | 5.05 |
| 03. | Financial Institutions and Banks | 3478821 | 3478821 | 0.64 |
| 04. | Insurance Companies | 76534724 | 76534724 | 14.10 |

| | | | | |
|-----|---------------------------------|------------------|------------------|---------------|
| 05. | Foreign Institutional Investors | 38090588 | 38090588 | 7.01 |
| 06. | Bodies Corporate | 5475962 | 5344062 | 1.01 |
| 07. | Individuals | 29945160 | 24025543 | 5.51 |
| 08. | Non-resident Indians | 797378 | 797378 | 0.15 |
| 09. | Trusts | 830142 | 830042 | 0.15 |
| 10. | Clearing Members | 436337 | 436337 | 0.08 |
| | TOTAL | 542991054 | 536939437 | 100.00 |

Notes: The promoters have not pledged or encumbered their shareholding in the Bank

ii. List of top 10 holders of equity shares of the Bank as on December 31, 2015

| S. No. | Name of Shareholder | Total number of Equity Shares held | Number of Equity Shares held in demat form | Total shareholding as a percentage of total number of Equity Shares |
|--------|---|------------------------------------|--|---|
| 1. | President of India | 359991054 | 359991054 | 66.30 |
| 2. | Life Insurance Corporation of India (*) | 74642214 | 74642214 | 13.75 |
| 3. | HDFC Trustee Company Ltd(#) | 15455468 | 15455468 | 2.85 |
| 4. | Reliance Capital Trustee Co. Ltd (@) | 8087976 | 8087976 | 1.49 |
| 5. | Government Pension Fund-Global | 3338236 | 3338236 | 0.61 |
| 6. | HSBC Pooled Investment Fund A/C HSBC Pooled Invest | 2338764 | 2338764 | 0.43 |
| 7. | The Wellington Trust Company, National Association | 2022716 | 2022716 | 0.37 |
| 8. | National Westminster Bank, PLC as Trustee of the JU | 1907259 | 1907259 | 0.35 |
| 9. | HSBC Global Investment Funds A/c HSBC Mauritius | 1831866 | 1831866 | 0.34 |
| 10. | Vanguard Emerging Markets Stock Index Fund | 1719203 | 1719203 | 0.32 |

| S. No. | Name of Shareholder | Total number of Equity Shares held | Number of Equity Shares held in demat form | Total shareholding as a percentage of total number of Equity Shares |
|--------------|---------------------|------------------------------------|--|---|
| TOTAL | | 471334756 | 471334756 | 86.81 |

Note : * LIC of India is holding 7,46,42,214 equity shares under 23 different folios / schemes with 13.75 % of share in the total equity of the Bank

HDFC Trustee Company is holding 1,54,55,468 equity shares under 11 folios with 2.85 % of share in the total equity of the Bank ; and

@ Reliance Capital Trustee is holding 80,87,976 equity shares under 9 folios with 1.49 % of share in the total equity of the Bank}

E. Details regarding the Directors of the Bank

i. Details of current directors of the Bank

| Sl. No. | Name, Designation and DIN | Age (in Years) | Address | Director of the Bank since | Details of other Directorship/s |
|---------|---|----------------|---|----------------------------|---------------------------------|
| 1. | Shri.T N Manoharan Non official Director as well as Non Executive Chairman DIN:01186248 | 59 | Canara Bank, Head Office 112, J.C.Road Bengaluru– 560 002 | 14.08.2015 | Nil |
| 2 | Shri Rakesh Sharma Managing Director & Chief Executive officer DIN 06846594 | 57 | Canara Bank, Head Office 112,J.C.Road Bengaluru –560 002 | 11.09.2015 | Nil |
| 3 | Shri Pradyuman Singh Rawat Executive Director | 59 | Canara Bank, Head Office 112,J.C.Road Bengaluru –560 | 05.08.2013 | Nil |

| | | | | | |
|---|---|----|---|------------|-----|
| | DIN 6701854 | | 002 | | |
| 4 | Shri Harideesh Kumar B Executive Director DIN: 07167694 | 58 | Canara Bank, Head Office 112,J.C.Road Bengaluru –560 002 | 11.03.2015 | Nil |
| 5 | Shri Dinabandhu Mohapatra Executive Director DIN: | 56 | Canara Bank, Head Office 112,J.C.Road Bengaluru –560 002 | 22.01.2016 | Nil |
| 6 | Shri Pankaj Jain Govt Nominee Director DIN: | 50 | Joint Secretary Dept of Financial Services, Ministry of Finance, Govt of India, New Delhi | 14.12.2015 | Nil |
| 7 | Smt. Uma Shankar DIN: | 56 | PCGM, Dept of Currency Management, Reserve Bank of India, Central Office, Amar Building, 4 th floor, Sir D M Road, Mumbai 400001 | 23.02.2015 | Nil |
| 8 | Shri. G.V.Manimaran Other than Workmen Representative Director DIN: | 54 | Manager, Canara Bank, I I T Branch, Chennai – 600 036 | 03.01.2014 | Nil |

Restricted

| | | | | | |
|----|--|----|--|------------|---|
| | | | | | <p>7) Top Venture Group LLC, Class B Participating interest</p> <p>8) Kamadhenu Sukrit Private Limited, Director & Member</p> <p>9) Dhruv Agarwal Benefit Trust, Trustee</p> <p>10) Manish Agarwal Benefit Trust, Trustee</p> |
| 11 | <p>Shri. Rajinder Kumar Goel</p> <p>Share Holder</p> <p>Director</p> <p>DIN: 20363</p> | 53 | <p>E-6, Jhandewalan Extension, 2nd Floor, New Delhi – 110 055</p> <p>Restricted</p> | 27.07.2013 | <p>1) First Consulting Solutions Pvt. Ltd.</p> <p>2) Manav Infradevelopers Pvt. Ltd.</p> <p>3) Ultra Buildtech Pvt.Ltd.</p> <p>4) Prodigy Propbuild Pvt. Ltd.</p> <p>5) Shri Balaji Gardencity Developers Pvt. Ltd.</p> <p>6) Oasis Realtors & Promoters Pvt. Ltd.</p> <p>7) Riddi Propmart Pvt. Ltd.</p> <p>8)Prime Buildprop Pvt. Ltd.</p> <p>9) Indian Independent Directors</p> |

| | | | | | |
|----|--|----|--|------------|--|
| | | | | | Association (Self) |
| 12 | Shri. Sanjay Jain Share Holder Director DIN: 105860 | 50 | 1202, Tower-5, Vipul, Belmonte, Sector 53, Gurgaon | 27.07.2013 | Partner in Bansal Satish and Associates Holding - 30%. |

None of the current directors are appearing in the RBI defaulter list and/ or ECGC default list.

ii. **Details of change in directors in the last three years (01.01.2013 to 29.02.2016)**

| Sl. No | Name | Designation | Date of Appointment Restricted | Date of Cessation | Director of the Company Since (in case of resignation) | Remarks |
|--------|---|--|-----------------------------------|-------------------|--|---------|
| 1 | Shri.Khalid Luqman Bilgrami DIN: | Part Time Non-Official Director | 22.06.2010 | 21.06.2013 | Not Applicable | |
| 2 | Shri.P.V.Maiya DIN: | Shareholder Director | 27.07.2010 | 26.07.2013 | Not Applicable | |
| 3 | Shri.Sunil Gupta DIN: | Shareholder Director | 27.07.2010 | 26.07.2013 | Not Applicable | |
| 4 | Shri.G.V.Manimaran DIN: | Other than Workmen Representative Director | 14.12.2010 | 13.12.2013 | Not Applicable | |

| Sl. No | Name | Designation | Date of Appointment | Date of Cessation | Director of the Company Since (in case of resignation) | Remarks |
|--------|---|---------------------------------|--------------------------|-------------------|--|---------------------|
| 5 | Smt.Archana. S. Bhargava DIN: | Executive Director | 01.04.2011 | 22.04.2013 | Not Applicable | |
| 6 | Shri.Ashok Kumar Gupta DIN: 00016704 | Executive Director | 28.07.2011 | 31.10.2014 | Not Applicable | |
| 7 | Smt.Meena Hemchandra DIN:5337181 | RBI Nominee Director | 13.10.2011 | 22.02.2015 | Not Applicable | |
| 8 | Shri.Sutanu Sinha DIN: | Part Time Non-Official Director | 17.10.2011 Restricted | 16.10.2014 | Not Applicable | |
| 9 | Shri.G.V.Sambasiva Rao DIN: | Workmen representative | 21.10.2011 | 20.10.2014 | Not Applicable | |
| 10 | Smt.Sudha Krishnan DIN: | GOI Nominee Director | 16.11.2012 | 25.07.2013 | Not Applicable | |
| 11 | Shri.R.K.Dubey DIN: | Chairman and Managing Director | 11.01.2013 | 30.09.2014 | Not Applicable | |
| 12 | Shri.V.S.Krishna Kumar DIN:6578678 | Executive Director | 04.04.2013 | 30.04.2015 | Not Applicable | |
| 13 | Shri.Rajinder Kumar | Shareholder | 27.07.2013 | | Not | Tenure on the Board |

| Sl. No | Name | Designation | Date of Appointment | Date of Cessation | Director of the Company Since (in case of resignation) | Remarks |
|--------|---|---|--------------------------|-------------------|--|--|
| | Goel DIN: 20363 | Director | | | Applicable | ending on 26.07.2016 |
| 14 | Shri.Sanjay Jain DIN:105860 | Shareholder Director | 27.07.2013 | | Not Applicable | Tenure on the Board ending on 26.07.2016 |
| 15 | Shri. Sunil Hukumchand Kocheta DIN: 02951197 | Part-Time Non-Official Director under Chartered Accountant category | 06.12.2013 Restricted | | Not Applicable | Tenure on the Board ending on 05.12.2016 |
| 16 | Shri.Brij Mohan Sharma DIN: | Shareholder Director | 27.07.2013 | 31.12.2013 | Not Applicable | Demitted Office on 31.12.2013 |
| 17 | Shri.G.V.Manimaran DIN: | Other than Workmen Representative Director | 03.01.2014 | | Not Applicable | Tenure on the Board ending on 02.01.2017 |
| 18 | Shri Pradyuman Singh Rawat DIN:06701854 | Executive Director | 05.08.2013 | | Not Applicable | Tenure on the Board ending on 31.05.2016 |
| 19 | Dr. Rajat Bhargava DIN: | GOI Nominee Director | 26.07.2013 | 13.12.2015 | Not Applicable | |
| 20 | Shri. Sairam Bhaskar Mocherla | Part Time Non-Official | 05.12.2013 | | Not Applicable | Tenure on the Board ending on |

| Sl. No | Name | Designation | Date of Appointment | Date of Cessation | Director of the Company Since (in case of resignation) | Remarks |
|--------|---|----------------------|---------------------|----------------------|--|--|
| | DIN:1430951 | Director | | | | 04.12.2016 |
| 21 | Smt Uma Shankar DIN: | RBI Nominee Director | 23.02.2015 | Until further Orders | Not Applicable | |
| 22 | Shri. Harideesh Kumar DIN: 07167694 | Executive Director | 11.03.2015 | | Not Applicable | Tenure on the Board ending on 31.05.2017 |
| 23 | Shri. T N Manoharan DIN:01186248 | Chairman | 14.08.2015 | | Not Applicable | Tenure on the Board ending on 13.08.2018 |
| 24 | Shri. Rakesh Sharma DIN-6846594 | MD & CEO | 11.09.2015 | | Not Applicable | Tenure on the Board ending on 31.07.2018 |
| 25 | Shri Pankaj Jain Govt Nominee Director DIN: | GOI Nominee Director | 14.12.2015 | Until further Orders | Not Applicable | |
| 26 | Shri Dinabandhu Mohapatra DIN: | Executive Director | 22.01.2016 | | Not Applicable | Tenure on the Board ending on 21.01.2019 |

F. Details regarding the Auditors of the Issuer

i. Details of the auditors of the Issuer

| Sl. No | Name of Statutory Auditors | Firm Registration No | Address & Contact Details | Auditor since |
|--------|----------------------------|----------------------|--|---------------|
| 1 | M/s. S C Vasudeva & Co. | 000235 N | M/s. S C Vasudeva & Co. Chartered Accountants B-41, PanchsheeL Enclave New Delhi- 110 017 011-26499111, 222, 444, 555 Fax: 011-41749444 sanjay@scvasudeva.com ashish@scvasudeva.com abhinav@scvasudeva.com info@scvasudeva.com | December 2013 |
| 2 | M/s Vinay Kumar & Co. | 000719 C | M/s Vinay Kumar & Co. Chartered Accountants 1 st Floor, Chandra Shekhar Azad Mkt. 5, Sardar Patel Marg, Civil Lines Allahabad – 211 001 U.P 0532-2408602 FAX- 0532-2408839 vinaykumarandco@gmail.com nikhilko@gmail.com | December 2013 |
| 3 | M/s Ramraj & Co | 002839 S | M/s RamRaj & Co. Chartered Accountants 65, 4th Floor 29th A Cross Geetha Colony, 4th Block Jayanagar, Bangalore 560 011 080- 22445567 Fax - 080- 26657211 ramraj12@gmail.com gvrao12@gmail.com | March 2015 |
| 4 | M/s V K Niranjana & Co. | 002468 S | M/s V K Niranjana & Co. Chartered Accountants Kurubara Sangha Building 202&204 Kanakadasa Circle Gandhi Nagar Bangalore 560 009 080-22267769 Fax 080-22910027 vkniranjana_co@yahoo.com | March 2015 |
| 5 | M/s J L Sengupta & Co | 307092 E | 70A, Lenin Sarani I Floor Kolkata 700 013 033-2264 5633 | December 2015 |

| Sl. No | Name of Statutory Auditors | Firm Registration No | Address & Contact Details | Auditor since |
|--------|----------------------------|----------------------|---|---------------|
| | | | cajlsco@gmail.com | |
| 6 | M/s J Singh & Associates | 110266 W | 505/506/507 Hubtown Viva Shankarwadi, Western Express Highway, Jogeshwari (E), Mumbai 400 060 022-66994618 ca_jsingh@rediffmail.com | December 2015 |

ii. **Details of changes in statutory auditors of the Issuer in the last three years**

| S. No. | Name | Address | Date of Appointment | Date of Cessation | Auditor of the Issuer since | Remarks |
|--------|-----------------------------|---|---------------------|-------------------|-----------------------------|---------|
| 1. | M/s S P Chopra & Co | Chartered Accountants 31-F Connaught Place, New Delhi 110001 | 03.03.2013 | 03.08.2013 | December 2012 | Nil |
| 2. | M/s Loonker & Co | Chartered Accountants 8 Dhun Mahal, Garden Road, Colaba, Mumbai 400039 | 03.01.2013 | 04.02.2015 | December 2012 | Nil |
| 3. | M/s Ford Rhodes Parks & Co. | Chartered Accountants Sai Commercial Building, III floor, 312/313, B K Devshi Marg, Govandi, Mumbai 400088 | 23.12.2013 | 04.02.2015 | December 2013 | Nil |
| 4. | M/s P Chopra & Co. | Chartered Accountants 10 Duggal Colony Karnal 132 001, Haryana | 03.01.2013 | 04.11.2015 | December 2012 | Nil |

| S. No. | Name | Address | Date of Appointment | Date of Cessation | Auditor of the Issuer since | Remarks |
|--------|--------------------------|---|---------------------|-------------------|-----------------------------|---------|
| 5. | M/s A R Das & Associates | Chartered Accountants 1,2&3 Woodburn Court Woodburn Road Kolkata 700 020 | 03.01.2013 | 04.11.2015 | Dec 2012 | Nil |

G. Details of borrowings of the Issuer as on December 31, 2015

i. Details of secured loan facilities as on December 31, 2015

| Lender,s Name | Type of facility | Amount sanctioned | Principal Amt outstanding | Repayment Date/ Schedule | Security |
|-------------------|------------------|-------------------|---------------------------|--------------------------|----------|
| NIL Restricted | | | | | |

ii. Details of unsecured loan facilities / deposit as on December 31, 2015

| Lender's Name | Type of Facility | Amount Sanctioned (Rs. In Crore) | Principal Amount Outstanding as on 31.12.2015 (Rs. In crore) | Repayment Date/Schedule |
|---------------------|-----------------------|----------------------------------|--|---|
| From Banks | Demand Deposits | Not Applicable | 422.78 | On Demand |
| | Term Deposits | N/A | 29374.94 | On Maturity |
| From Others | Demand Deposits | N/A | 18823.98 | On Demand |
| | Term Deposits | N/A | 343098.74 | On Maturity |
| Depositors | Saving Banks Deposits | N/A | 98878.43 | On Demand |
| Various bondholders | Lower Tier 2 Bonds | N/A | 4500.00 | The Bonds have a tenor ranging from 9 to 10 years |
| Various bondholders | Upper Tier 2 Bonds | N/A | 5153.82 | The Bonds have a tenor upto 15 years |

| | | | | |
|-------------------------------|---|-----|-----------------|--|
| | | | | with a call option after 10 years from the date of allotment with prior approval from RBI |
| Various bondholders | Perpetual Bonds | N/A | 1589.60 | Perpetual with a call option after 10 years from the date of allotment with prior approval from RBI. |
| Various bondholders | BASEL III Compliant Additional Tier I Bonds | | 1500.00 | Perpetual with a call option from 10 years from the date of allotment with prior approval from RBI. |
| Reserve Bank of India | Borrowings | N/A | | |
| Others | Borrowings | N/A | | |
| Other Institutions & Agencies | Borrowings | N/A | 644.65 | Upto 3 years |
| Outside India* | Borrowings | N/A | 11971.89 | 2 Days to 10 Years |
| Banks/ Institutions | Bills Payable# | N/A | | |

* Includes MTN bonds of ₹5622.99 Crore.

Total Bills payable as on 31.12.2015 is ₹999.81 Crore.

iii. Details of non-convertible-debentures issued by the Bank (As on March 31, 2016)

| Debenture Series | Tenor/ Period of Maturity (in months) | Coupon | Amount in Crores | Date of Allotment | Redemption Date/ Schedule | Credit Rating | Secured/ Unsecured | Security |
|---------------------------------|--|--------|------------------|-------------------|---------------------------|---------------------------------|--------------------|----------------|
| Lower Tier II SERIES IXA | 120 | 8.85 | 575 | 15/Sept/06 | 15/Sept/16 | AAA/ NEGA TIVE BY CRISI L & AAA | Unsecured | Not applicable |

| | | | | | | | | |
|---|-----|------|---------|-----------|------------|--|-----------|-----------------------|
| | | | | | | BY ICRA | | |
| Lower Tier II SERIES X | 120 | 9.90 | 400 | 30/Mar/07 | 30/ Mar/17 | AAA/ NEGA TIVE BY CRISI L & AAA BY ICRA | Unsecured | Not applicab le |
| Lower Tier II SERIES XI | 120 | 9.00 | 700.00 | 09/Jan/08 | 09/Jan/18 | AAA/ NEGA TIVE BY CRISI L & AAA BY ICRA | Unsecured | Not applicab le |
| Lower Tier II SERIES XII | 120 | 8.08 | 325.00 | 16/Jan/09 | 16/Jan/19 | AAA/ NEGA TIVE BY CRISI L & AAA BY ICRA | Unsecured | Not applicab le |
| BASEL III TIER II SER I | 120 | 9.73 | 1500.00 | 03/Jan/14 | 03/Jan/24 | AAA/ NEGA TIVE BY CRISI L & ICRA (AAA (HYB) by ICRA | Unsecured | Not applicab le |
| BASEL III TIER II SER II | 120 | 9.70 | 1000.00 | 27/Mar/14 | 27/Mar/24 | AAA/ NEGA TIVE BY | Unsecured | Not applicab le |

| | | | | | | | | |
|--|-----|-------|---------|------------|------------|---|-----------|----------------|
| | | | | | | CRISIL & ICRA(AAA)(HYB) by ICRA | | |
| BASEL III TIER II Bonds 2015-16 (Series I) | 120 | 8.40 | 1500.00 | 31/Dec/15 | 31/Dec/25 | CRISIL AAA/ NEGATIVE ICRA AAA (hyb) IND AAA | Unsecured | Not Applicable |
| BASEL III TIER II Bonds 2015-16 (Series II) | 120 | 8.40 | 900.00 | 07/Jan/16 | 07/Jan/26 | CRISIL AAA/ NEGATIVE ICRA AAA (hyb) IND AAA | Unsecured | Not Applicable |
| UPPER TIER 2 SERIES I | 180 | 9.00 | 500.00 | 16/Sept/06 | 16/Sept/21 | AAA/ NEGATIVE BY CRISIL | Unsecured | Not applicable |
| UPPER TIER 2 SERIES II | 180 | 10.00 | 500.00 | 23/Mar/07 | 23/Mar/22 | AAA/ NEGATIVE BY CRISIL | Unsecured | Not applicable |

| | | | | | | | | |
|--|-----------------------|------|---------|------------|--|--|-----------|-----------------------|
| UPPER TIER 2 SERIES III | 180 | 8.62 | 1000.00 | 29/Sept/10 | 29/Sept/25 | AAA/ NEGA TIVE by CRISI L & BWR AAA+ by BRICK WORK | Unsecured | Not applicab le |
| PERPETU AL - TIER1(SE RIES I) | Perpetua l | 9.00 | 240.30 | 30/Mar/09 | PERPETUA L & Call option on 30.03.2019 | AAA/ NEGA TIVE by CRISI L & BWR AAA+ by BRICK WORK | Unsecured | Not applicab le |
| PERPETU AL - TIER1(SE RIES II) | Perpetua l | 9.10 | 600.00 | 21/Aug/09 | PERPETUA L with Call option on 21.08.2019 | AAA/ NEGA TIVE by CRISI L & BWR AAA+ by BRICK WORK | Unsecured | Not applicab le |
| PERPETU AL - TIER1(SE RIES III) | Perpetua l | 9.05 | 749.30 | 03/Aug/10 | PERPETUA L with Call option on 03.08.2020 | AAA/ NEGA TIVE by CRISI L & BWR AAA+ by BRICK WORK | Unsecured | Not applicab le |

| | | | | | | | | |
|--|-----------------------|------|---------|-----------|--|---|-----------|-----------------------|
| BASEL III COMPLI ANT ADDITIO NAL TIER 1 | Perpetua l | 9.55 | 1500.00 | 05/Mar/15 | PERPETUA L with Call option from 05.03.2025 | [ICRA] AA(hy d) by ICRA Limite d & IND AA by India Ratings | Unsecured | Not applicab le |
|--|-----------------------|------|---------|-----------|--|---|-----------|-----------------------|

iv. List of top 10 debenture-holders (as on March 18, 2016)

| S. No. | DPID Client ID | Name of the Holder | Total face value amount of debentures held (In INR crores) |
|-------------------|-----------------------|--|--|
| 1 | IN30152430030387 | CBT EPF-05-C-DM | 1752.60 |
| 2 | IN30152430030346 | CBT EPF-05-A-DM | 1668.90 |
| 3 | IN30152430030338 | CBT EPF-11-A-DM | 784.30 |
| 4 | IN30152430030320 | CBT EPF-05-D-DM | 685.40 |
| 5 | IN30152430030362 | CBT EPF-05-B-DM | 599.50 |
| 6 | IN30081210000012 | LIFE INSURANCE CORPORATION OF INDIA | 550.00 |
| 7 | IN30081210501340 | LIFE INSURANCE CORPORATION OF INDIA P & GS FUND | 508.50 |
| 6 | IN30152430040191 | CBT-EPF-05-E-DM | 477.00 |
| 9 | IN30152430030354 | CBT EPF-11-B-DM | 386.10 |
| 10 | IN30152430030311 | CBT EPF-11-D-DM | 319.80 |

v. Amount of corporate guarantee issued by the Issuer

- Guarantee issued in favour of Bombay Stock Exchange on behalf of M/s Canfin Homes Ltd amounting to Rs.1.39 Crores.
- Guarantee issued in favour of the Registrar, High Court of Karnataka on behalf of Canbank Factors Ltd amounting to Rs.4.05 Crores.

vi. Certificate of Deposits issued by the Issuer as on 31.03.2016

| CD Maturity Profile | Face Value (Rs in Cr) | Book Value (Rs in Cr) |
|-----------------------------------|------------------------------|------------------------------|
| Maturing in the month of May 2016 | 2 975.00 | 2 925.22 |

| | | |
|---|------------------|------------------|
| Maturing in the month of June 2016 | 7 580.00 | 7 431.33 |
| Maturing in the month of August 2016 | 100.00 | 96.59 |
| Maturing in the month of September 2016 | 3 600.00 | 3 459.24 |
| Maturing in the month of December 2016 | 3 100.00 | 2 930.71 |
| Maturing in the month of March 2016 | 6 275.00 | 5 816.63 |
| Total | 23 630.00 | 22 659.72 |

vii. Details of other borrowings (if any, including hybrid debt like FCCB, optionally convertible debentures/preference shares):

NIL

viii. Details of all defaults/ delays in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past five years

- (a) The main constituents of the Issuer's borrowings are generally in the form of deposits, loans from Reserve Bank of India, other banks and institutions, bonds, certificate of deposits etc.
- (b) The Issuer has been servicing all its principal and interest liabilities on time and there has been no instance of delay or default since inception.
- (c) The Issuer has neither defaulted in repayment/ redemption of any of its borrowings nor affected any kind of roll over against any of its borrowings in the past.
- (d) The Issuer has not defaulted in any of its payment obligations arising out of any corporate guarantee issued by it to any counter party including its joint entities, group companies etc in the past.

ix. Details of outstanding borrowings/ debt securities issued for consideration other than cash whether in whole or part, at a premium or discount, or in pursuance of an option

The Issuer confirms that other than and to the extent mentioned elsewhere in this Disclosure Document, it has not issued any debt securities or agreed to issue any debt securities or availed any borrowings for a consideration other than cash, whether in whole or in part, at a premium or discount or in pursuance of an option since inception.

H. Details of Promoters of the Bank

i. Details of promoter holding as on September 30, 2015

| S.No. | Name of Shareholders | Total number of equity shares | Number of shares held in demat form | Total shareholding as a % of total No of equity share | No of equity shares pledged | % of equity shares pledged with respect to shares owned |
|-------|----------------------|-------------------------------|-------------------------------------|---|-----------------------------|---|
| 1. | President of India | 359991054 | 359991054 | 66.30 | Nil | Not Applicable |

I. Abridged version of the Audited Standalone & Consolidated Financial Information of the Issuer for the last three years and auditors qualification

i. Standalone Statement of Profit & Loss

Rs. in Crore

| Sr No | Parameters | FY | FY | FY |
|-------|---|----------|----------|----------|
| | | 2014-15 | 2013-14 | 2012-13 |
| I | Income | | | |
| a. | Interest Earned | 43750.04 | 39547.61 | 34077.93 |
| b. | Other Income | 4550.25 | 3932.76 | 3153.01 |
| | Total Income | 48300.29 | 43480.37 | 37230.94 |
| II | EXPENDITURE | | | |
| a. | Interest Expended | 34086.37 | 30603.16 | 26198.94 |
| b. | Operating Expenses | 7263.55 | 6081.01 | 5141.99 |
| c. | Provisions and Contingencies | 4247.74 | 4358.00 | 3017.91 |
| | Total Expenditure | 45597.66 | 41042.17 | 34358.84 |
| III | PROFIT FOR THE YEAR | 2702.62 | 2438.19 | 2872.10 |
| | Profit brought forward | 0 | 0.00 | 0.00 |
| IV | APPROPRIATIONS | | | |
| | Transfer to Statutory Reserves | 680.00 | 650.00 | 720.00 |
| | Transfer to Revenue & Other Reserves | 387.70 | 1107.08 | 530.03 |
| | Transfer to Investment Reserve Account | 360.80 | 0.00 | 205.00 |
| | Transfer from/to Special Reserves-Currency Swap | 0 | 0.00 | 0.00 |
| | Transfer to Special reserve U/s 31(1) (viii) of Income tax Act,1961 | 500 | 0.00 | 700.00 |
| | Transfer to Capital Reserve | 122.40 | 87.50 | 43.07 |
| | Proposed Dividend | 540.96 | 507.38 | 576.00 |
| | Tax on Dividend | 110.76 | 86.23 | 98.00 |
| | Balance Carried over to Balance Sheet | 0 | 0.00 | 0.00 |
| | TOTAL | 2702.62 | 2438.19 | 2872.10 |
| | Earnings Per Share (Basic & Diluted) (in Rs.) | 58.59 | 54.48 | 64.83 |

ii. **Consolidated Statement of Profit & Loss**

| Sr No | Parameters | FY | FY | FY |
|-------|---|------------|----------|----------|
| | | 2014-15 | 2013-14 | 2012-13 |
| I | Income | | | |
| a. | Interest Earned | 43813.37 | 39570.16 | 34069.87 |
| b. | Other Income | 4733.45 | 4143.68 | 3307.65 |
| | Total Income | 48546.82 | 43713.84 | 37377.52 |
| II | EXPENDITURE | | | |
| a. | Interest Expended | 34133.12 | 30605.54 | 26197.75 |
| b. | Operating Expenses | 7266.03 | 6116.25 | 5180.35 |
| c. | Provisions and Contingencies | 4289.65 | 4402.53 | 3047.59 |
| | Total Expenditure | 45688.80 | 41124.32 | 34425.69 |
| | Share of Earnings/(Loss) in Associates | 73.03 | 82.74 | 42.94 |
| | Consolidated Net Profit/(Loss) for the Year before deducting | 2931.05 | 2672.26 | 2994.77 |
| | Minorities Interest | | | |
| | Less: Minorities Interest | 66.39 | 42.09 | 25.06 |
| III | PROFIT FOR THE YEAR attributable to the Group | 2864.67 | 2630.17 | 2969.71 |
| | Profit brought forward | 0.00 | 0.00 | 0.00 |
| | TOTAL | Restricted | | |
| IV | APPROPRIATIONS | | | |
| | Transfer to Statutory Reserves | 682.97 | 652.20 | 723.33 |
| | Transfer to Revenue & Other Reserves | 546.77 | 1295.04 | 622.16 |
| | Transfer to Investment Reserve Account | 360.80 | 0.00 | 205.00 |
| | Transfer from/to Special Reserves-Currency Swap | 0.00 | 0.00 | 0.00 |
| | Transfer to Special reserve U/s 31(1) (viii) of Income tax Act,1961 | 500.00 | 0.00 | 700.00 |
| | Transfer to Capital Reserve | 122.40 | 87.50 | 43.40 |
| | Proposed Dividend | 540.97 | 507.38 | 576.00 |
| | Tax on Dividend | 110.76 | 88.04 | 99.82 |
| | Balance Carried over to Balance Sheet | 0.00 | 0.00 | 0.00 |
| | TOTAL | 2864.67 | 2630.17 | 2969.71 |
| | Earnings Per Share (Basic & Diluted) (in Rs.) | 62.10 | 58.77 | 67.04 |

iii. **Standalone Balance Sheet**

(Rs. in crore)

| Sr no | Parameters | As on | As on | As on |
|-------|----------------------------------|------------|------------|------------|
| | | 31/03/2015 | 31/03/2014 | 31/03/2013 |
| I | CAPITAL & LIABILITIES | | | |
| a. | Capital | 475.20 | 461.26 | 443.00 |

| Sr no | Parameters | As on | As on | As on |
|-------|--|------------|------------|------------|
| | | 31/03/2015 | 31/03/2014 | 31/03/2013 |
| b. | Reserves & Surplus | 31384.04 | 29158.85 | 24434.79 |
| c. | Deposits | 473840.10 | 420722.82 | 355855.99 |
| d. | Borrowings | 25671.56 | 27230.64 | 20283.37 |
| e. | Other Liabilities and Provisions | 16629.66 | 14348.28 | 11325.46 |
| | Total | 548000.56 | 491921.85 | 412342.61 |
| II | ASSETS | | | |
| a. | Cash & Balances with Reserve Bank of India | 21971.95 | 22153.78 | 15405.93 |
| b. | Balances with Banks and Money at Call & Short Notice | 26669.14 | 22674.93 | 19308.77 |
| c. | Investments | 145346.18 | 126828.26 | 121132.83 |
| d. | Advances | 330035.51 | 301067.48 | 242176.63 |
| e. | Fixed Assets | 6949.45 | 6641.56 | 2862.72 |
| f. | Other Assets | 17028.33 | 12555.85 | 11455.73 |
| | Total | 548000.56 | 491921.85 | 412342.61 |

iv. **Consolidated Balance Sheet**

(Rs. in crore)

| Sr No | Parameters | As on | As on | As on |
|-------|--|------------|------------|------------|
| | | 31/03/2015 | 31/03/2014 | 31/03/2013 |
| I | CAPITAL & LIABILITIES | | | |
| a. | Capital | 475.20 | 461.26 | 443.00 |
| b. | Reserves & Surplus | 32016.51 | 29715.00 | 24733.43 |
| c. | Minority Interest | 378.65 | 313.55 | 232.16 |
| d. | Deposits | 473724.99 | 420603.68 | 355684.64 |
| e. | Borrowings | 25762.82 | 27309.73 | 20355.09 |
| f. | Other Liabilities and Provisions | 26199.38 | 22686.37 | 17875.95 |
| | Total | 558557.55 | 501089.59 | 419324.27 |
| II | ASSETS | | | |
| a. | Cash & Balances with R B of India | 21976.76 | 22161.03 | 15414.99 |
| b. | Balances with Banks and Money at Call & Short Notice | 26670.80 | 22710.55 | 19364.22 |
| c. | Investments | 155406.47 | 135445.35 | 127533.53 |
| d. | Advances | 330293.87 | 301326.02 | 242435.76 |
| e. | Fixed Assets | 6969.99 | 6661.98 | 2884.00 |
| f. | Other Assets | 17239.66 | 12784.66 | 11691.77 |
| | Total | 558557.55 | 501089.59 | 419324.27 |

v. **Standalone Cash Flow Statement**

| Particulars | Year ended | Year ended | Year ended |
|---|------------|------------|------------|
| | 31/03/2015 | 31/03/2014 | 31/03/2013 |
| A. Cash Flow from Operating Activities: | | | |
| Net Profit after Taxes | 2702.63 | 2438.19 | 2872.10 |
| Adjustments for: | | | |
| Provision for income tax | 795.00 | 625.00 | 800.00 |
| Depreciation on Fixed Assets | 427.06 | 228.47 | 189.69 |
| Profit/ (Loss) on sale of Fixed Asset | -1.36 | -1.10 | -0.92 |
| Provision for Other Items | 227.40 | 433.46 | 130.07 |
| Interest on Tier 1 and Tier 2 Bonds | 937.15 | 820.34 | 730.56 |
| Provision for NPA | 3729.46 | 2128.72 | 2222.45 |
| Loss on revaluation of Investments | 103.48 | 160.75 | 15.06 |
| Provision for Standard Assets | 153.73 | 478.41 | 255.61 |
| Income from Investment in Subsidiaries | -81.16 | -70.25 | -56.57 |
| Income from Investment (Appreciation)/Depreciation | -657.85 | 692.42 | -390.23 |
| Sub total | 5632.91 | 5496.22 | 3895.73 |
| Adjustments for: | | | |
| Increase / (Decrease) in Deposits | 53117.28 | 64866.83 | 28802.26 |
| Increase / (Decrease) in Borrowings | -2360.21 | 4522.72 | 5097.98 |
| Increase / (Decrease) in Other Liabilities and Provisions | 482.99 | 1078.23 | 1141.96 |
| (Increase) / Decrease in Investments | -17833.48 | -6518.92 | -18608.57 |
| (Increase) / Decrease in Advances | -32722.55 | -60897.19 | -11887.62 |
| (Increase) / Decrease in Other Assets | -2872.48 | -250.88 | -1779.73 |
| Direct Taxes (Paid) / Refund | -1600.00 | -1200.00 | -1100.00 |
| Sub total | -3788.45 | 1600.79 | 1666.28 |
| Net Cash Flow from Operating Activities (A) | 4547.09 | 9535.20 | 8434.11 |
| B. Cash Flow from Investing Activities : | | | |
| Net Inflow / Outflow from Sale /Purchase of Fixed Assets | -825.99 | -541.20 | -225.86 |
| Investment in Subsidiaries/ Joint Ventures/ | -130.07 | -29.68 | -91.67 |
| Income from Investment in Subsidiaries | 81.16 | 70.25 | 56.57 |
| Net Cash Flow from Investing Activities (B) | -874.90 | -500.63 | -260.96 |
| C. Cash Flow from Financing Activities: | | | |
| Payment on redemption of Bonds / Sub. Debts | | | |
| Dividend (Interim & Final) Paid | -293.80 | -1024.77 | -567.30 |
| Interest Paid on IPDI, Sub. &, Upper Tier 2 Bonds | -937.15 | -820.34 | -730.57 |
| Increase in paid up capital | 13.94 | 18.26 | |
| Share Premium recd. on new issue of share capital | 556.06 | 481.74 | |
| Proceeds from Issue of Upper Tier 2 bonds | 801.14 | 2424.55 | -340.00 |

| Particulars | Year ended | Year ended | Year ended |
|--|------------|------------|------------|
| | 31/03/2015 | 31/03/2014 | 31/03/2013 |
| Proceeds from Issue of Perpetual Bonds | | | |
| Net Cash Flow from Financing Activities (C) | 140.19 | 1079.44 | -1637.86 |
| Net Increase in Cash & Cash Equivalents (A)+(B)+(C) | 3812.38 | 10114.01 | 6535.29 |
| Cash /Equivalents as at the beginning of the year | 44828.71 | 34714.70 | 28179.41 |
| Cash / Equivalents as at the end of the year | 48641.09 | 44828.71 | 34714.70 |

vi. **Consolidated Cash Flow Statement**

(Rs. in crore)

| Particulars | Year ended | Year ended | Year ended |
|--|------------|------------|------------|
| | 31/03/2015 | 31/03/2014 | 31/03/2013 |
| A. Cash Flow from Operating Activities: | | | |
| Net Profit after Taxes | 2864.67 | 2630.17 | 2969.71 |
| | | | |
| Adjustments for: | | | |
| Provision for income tax | 825.26 | 652.49 | 819.56 |
| Depreciation on Fixed Assets | 428.91 | 229.89 | 191.44 |
| Profit/ (Loss) on sale of Fixed Asset | -15.26 | -2.33 | -4.92 |
| Provision for Other Items | 256.30 | 428.10 | 472.63 |
| Interest on Tier 1 and Tier 2 Bonds | 937.15 | 820.34 | 730.56 |
| Provision for NPA | 3780.92 | 2152.72 | 1871.12 |
| Loss on on revaluation of Investments | 103.49 | 160.75 | 15.06 |
| Provision for Standard Assets | 155.32 | 478.64 | 255.61 |
| Profit on sale of Investment | -1167.08 | -672.11 | -681.88 |
| Provision for (Appreciation)/Depreciation on Investment | -728.16 | 692.42 | -576.32 |
| Sub total | 4576.85 | 4940.91 | 3092.86 |
| | | | |
| Adjustments for: | | | |
| Increase / (Decrease) in Deposits | 53121.31 | 64919.04 | 28790.59 |
| Increase / (Decrease) in Borrowings | -745.77 | 9379.19 | 4484.25 |
| Increase / (Decrease)in Other Liabilities and Provisions | -1397.08 | -352.45 | 1351.23 |
| (Increase) / Decrease in Investments | -18718.48 | -7370.78 | -20073.42 |
| (Increase) / Decrease in Advances | -28967.85 | -58890.26 | -9707.02 |
| (Increase) / Decrease in Other Assets | -2843.53 | 136.13 | -1844.84 |
| Increase / (Decrease) Minority Interest | 65.10 | 81.40 | 70.68 |
| Direct Taxes (Paid) / Refund | -1611.47 | -1229.02 | -1123.69 |

| Particulars | Year ended | Year ended | Year ended |
|--|------------|------------|------------|
| | 31/03/2015 | 31/03/2014 | 31/03/2013 |
| Sub total | -1097.77 | 6673.25 | 1947.78 |
| Net Cash Flow from Operating Activities (A) | 6343.75 | 14244.33 | 8010.35 |
| | | | |
| B. Cash Flow from Investing Activities : | | | |
| Net Inflow / Outflow from Sale /Purchase of Fixed Assets | -814.06 | -540.53 | -214.45 |
| Investment in Subsidiaries/ Joint Ventures/ | -179.04 | -29.68 | -91.67 |
| (Increase) /Decrease in other reserves | -44.43 | 74.22 | -149.74 |
| Net Cash Flow from Investing Activities (B) | -1037.53 | -495.99 | -455.86 |
| | | | |
| C. Cash Flow from Financing Activities: | | | |
| Share Capital | 13.94 | 18.26 | 0 |
| Share Premium | 556.06 | 481.74 | 0 |
| Increase /(Decrease) of Bonds including subordinated Debts | -801.14 | -2424.55 | 256.41 |
| Dividend (Interim & Final) Paid | -295.61 | -1026.59 | -568.64 |
| Interest Paid on IPDI, Subordinated Bonds, Upper Tier 2 Bonds | -937.15 | -820.34 | -730.56 |
| Net Cash Flow from Financing Activities (C) | -1463.89 | -3771.48 | -1042.79 |
| | | | |
| Cash flow on account of exchange fluctuation (D) | | | |
| Cash generated on account of exchange fluctuation | -66.35 | 115.51 | 20.77 |
| Net Increase in Cash & Cash Equivalents (A)+(B)+©+(D) | 3775.98 | 10092.37 | 6532.47 |
| Cash and Cash Equivalents as at the beginning of the year | 44871.58 | 34779.21 | 28246.74 |
| Cash and Cash Equivalents as at the end of the year | 48647.56 | 44871.58 | 34779.21 |

vii. **Auditors' Qualifications**

| Financial Year | Auditors' Qualifications |
|----------------|--------------------------|
| 2014-15 | Nil |
| 2013-14 | Nil |
| 2012-13 | Nil |

J. Limited Review Quarterly Standalone Financial Information of the Issuer as of September 30, 2015

(Rs. in crore)

| Sr. No. | Particulars | Half Year ended | Half Year ended | Year ended |
|---------|--|-----------------|-----------------|------------|
| | | 30.09.2015 | 30.09.2014 | 31.03.2015 |
| | | (Reviewed) | (Reviewed) | (Audited) |
| 1. | Interest Earned (a+b+c+d) | 11267.50 | 10893.87 | 43750.04 |
| a) | Interest/ discount on advances/ bills | 8126.01 | 8004.71 | 32066.12 |
| b) | Income from Investments | 2942.92 | 2681.14 | 10923.75 |
| c) | Interest on balances with Reserve Bank of India and | 198.57 | 208.02 | 759.79 |
| | other Inter Bank Funds | | | |
| d) | Others | 0 | 0 | 0.38 |
| 2. | Other Income | 1210.45 | 1021.34 | 4550.25 |
| 3. | Total Income (1+2) | 12477.95 | 11915.21 | 48300.29 |
| | | | | |
| 4. | Interest Expended | 8621.00 | 8526.08 | 34086.37 |
| 5. | Operating Expenses (i)+(ii)+(iii) | 1912.85 | 1763.59 | 7263.55 |
| (i) | Employees Cost | 1107.84 | 1035.79 | 4274.25 |
| (ii) | Rent, Taxes and Lighting | 208.02 | 171.54 | 658.90 |
| (iii) | Other Operating Expenses | 596.99 | 556.26 | 2330.40 |
| 6. | Total Expenditure (4)+(5) (excluding Provisions and Contingencies) | 10533.85 | 10289.67 | 41349.92 |
| 7. | Operating Profit before provisions & contingencies (3-6) | 1944.10 | 1625.54 | 6950.37 |
| 8. | Provisions (other than tax) and Contingencies | 1212.31 | 813.70 | 3452.74 |
| 9. | Exceptional Items | 0 | 0.00 | 0 |
| 10. | Profit (+)/ Loss (-) from Ordinary Activities before Tax (7-8-9) | 731.79 | 811.84 | 3497.63 |
| 11. | Tax Expense- Current Year | 202.93 | 185.00 | 795.00 |
| 12. | Profit (+)/ Loss (-) from Ordinary Activities after Tax (10-11) | 528.86 | 626.84 | 2702.63 |
| 13. | Extraordinary Items (net of tax expense) | 0 | 0.00 | 0 |
| 14. | Net Profit (+)/ Loss (-) for the period (12-13) | 528.86 | 626.84 | 2702.63 |
| 15. | Paid-up Equity Share Capital (Face Value of each | | | |
| | share- Rs.10/-) | 542.99 | 461.26 | 475.20 |
| 16. | Reserves excluding revaluation reserves (as per | | | |
| | balance sheet of previous accounting year) | 25978.18 | 23660.60 | 25978.18 |

K. Material event/ development or change at the time of Issue

The Issuer hereby confirms that there has been no material event, development or change having implications on the financials/ credit quality of the Issuer (e.g. any material regulatory

proceedings against the Issuer/ promoters of the Issuer, tax litigations resulting in material liabilities, corporate restructuring event etc) at the time of Issue which may affect the Issue or the investor's decision to invest/ continue to invest in the debt securities of the Issuer.

L. Name of the Bond Trustee

SBICAP Trustee Company Ltd has given the consent for appointment as Trustee for the Issue vide its letter dated March 28, 2016.

M. Detailed rating rationale(s) adopted / Credit Rating Letter issued

Please refer to Annexure I (for rating letter issued by CRISIL Limited), II (for rating letter issued by ICRA Limited) and III (for rating letter issued by India Ratings & Research Private Limited) of the Disclosure Document.

N. If the security is backed by a guarantee or letter of comfort or any other document/ letter with similar intent, a copy of the same shall be disclosed

Not applicable.

O. Copy of consent letter from the Debenture Trustee

Please refer to Annexure IV of the Disclosure Document.

P. Names of all stock exchanges where the Debt Securities are proposed to be listed

NSE

Q. Other Details

i. DRR Creation

As per Ministry of Corporate Affairs, GOI Notification dated 31.03.2014, Companies (Share Capital and Debentures) Rules 2014 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.

ii. Issue/ instrument specific regulation

Basel III Regulations and SEBI Debt Regulations. The definitions, abbreviations or terms wherever used shall have the same meaning as defined in the RBI circulars applicable to the issue of these bonds.

iii. Application process

Investors are advised to comply with the following General Instructions:

1. **Instructions for filling in Application Forms**

Application for the Bonds must be in the prescribed form and completed in BLOCK LETTERS in English as per the instructions contained therein.

2. **Applications under Power of Attorney or by Authorized Representatives**

A certified copy of the Power of Attorney and/or the relevant authority, as the case may be, along with the names and specimen signatures of all the authorized signatories and the tax exemption certificate/document, if any, must be lodged along with the submission of the completed application form. Future modifications/additions in the Power of Attorney or Authority should also be notified with the Registrar of Issue along with necessary documentary proof.

3. **PAN of the Applicant**

All the applicants should mention their Permanent Account Number (PAN) allotted under the I.T. Act. In case PAN has not been allotted, or the Applicant is not assessed to Income Tax, the appropriate information should be mentioned in the space provided. Application Forms without this information will be considered incomplete and are liable to be rejected.

4. **Bank Account Details and RTGS/ NEFT particulars**

Restricted

The applicant must fill in the relevant column in the application form giving particulars of its Bank Account number and name of the bank with whom such account is held, to enable the Registrars to the Issue to print the said details in the redemption / interest warrant. This is in the interest of the applicant for avoiding misuse of the redemption / interest warrant. Furnishing this information is mandatory and applications not containing such details are liable to be rejected. The applicants should also fill in RTGS/ NEFT particulars of their bank accounts to enable the Bank to remit redemption/ interest payments by RTGS/ NEFT. Canara Bank may also download the bank particulars in respect of beneficial ownership position as available with the depositories on the Record Date for this purpose.

5. **Eligible Investors**

The following categories of applicants are eligible to apply for this Issue of Bonds. However, the prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the Issue.

- a. Mutual Funds;
- b. Public Financial Institutions as defined under the Companies Act.
- c. Scheduled Commercial Banks;

- d. Insurance Companies;
- e. Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds;
- f. Co-operative Banks;
- g. Regional Rural Banks authorized to invest in bonds/ debentures;
- h. Companies and Bodies Corporate authorized to invest in bonds/ debentures;
- i. Trusts authorized to invest in bonds/ debentures; and
- j. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures, etc.

All applicants are required to comply with the relevant regulations/ guidelines applicable to them for investing in the issue of Bonds as per the norms approved by Government of India, Reserve Bank of India or any other statutory body from time to time. However, out of the aforesaid class of applicants eligible to invest, this Disclosure Document is intended solely for the use of the person to whom it has been sent by the Bank for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons.

The issue is restricted to the above investors. Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the issue. Prior to making any investment in these Bonds, each investor should satisfy and assure herself/himself/itself that it is authorized and eligible to invest in these Bonds. The Bank shall be under no obligation to verify the eligibility/authority of the investor to invest in these Bonds. Further, mere receipt of this Disclosure Document (and/or any Transaction Document in relation thereto and/or any draft of the Transaction Documents) by a Person shall not be construed as any representation by the Bank that such Person is authorized to invest in these Bonds or eligible to subscribe to these Bonds. If after applying for subscription to these Bonds and/or allotment of Bonds to any Person, such Person becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, the Bank shall not be responsible in any manner.

6. Documents to be provided by investors

Investors need to submit the certified true copies of the following documents, along with the application form, as applicable:

- Memorandum and Articles of Association/Constitution/bye-laws/trust deed;
- Board resolution authorizing the investment and containing operating

instructions;

- Power of Attorney/relevant resolution/authority to make application;
- Specimen signatures of the authorized signatories (ink signed) duly certified by an appropriate authority;
- Government notification (in case of Primary Co-operative Bank and RRBs);
- Copy of PAN issued by the Income Tax Department;
- Copy of a cancelled cheque for ECS payments;
- Necessary forms for claiming exemption from deduction of tax at source on interest on application money, wherever applicable;
- Certified true copy of the power of attorney;
- SEBI Registration Certificate (for Mutual Funds); and
- Demat details (DP ID & Client ID)

7. Terms of Payment

The full amount of issue price of the Bonds applied for should be paid along with the application.

8 Payment Instructions.

The remittance of application money should be made by electronic transfer of funds through RTGS mechanism for credits as per details given :

| | |
|------------------------------------|---|
| Name of the Banker | Canara Bank |
| Account Name | Canara Bank A/c- Tier II Bonds 2016-17 |
| Credit into Current A/c No. | 2426201100296 |
| IFSC Code | CNRB0002426 |
| Address of the Branch | 115, 11th Floor, Atlanta Building, Nariman Point, Mumbai 400021 |
| Narration | Application Money for the Bond Issue |

Cheque(s), demand draft(s), money orders, postal orders will not be accepted. The Bank assumes no responsibility for any applications lost in mail. The entire amount of

Rs.10,00,000 (Rupees Ten Lakhs Only) per Bond is payable on application.

9. Submission of Completed Application Forms

Applications duly completed and accompanied by credit of application money (by RTGS) should be sent to the Domestic Treasury, Integrated Treasury Wing, Mumbai on the same day.

10. Acknowledgements

No separate receipts will be issued for the application money. However, the Bankers to the issue receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form.

11. Basis of Allocation/ Allotment

Beginning from the issue opening date and until the day immediately prior to the issue closing date, full and firm allotment against all valid applications for the Bonds will be made to applicants on a first-come-first-served basis, subject to the limit of the Issue size, in accordance with applicable laws. If and to the extent, the Issue is fully subscribed prior to the issue closing date, no application shall be accepted once the Issue is fully subscribed.

Restricted

Allotment will be done on “day-priority basis”. In case of oversubscription over and above the issue size, the allotment of such valid applications received on the closing day shall be on pro rata basis to the applicants in the ratio in which they have applied regardless of category of investors. If the proportionate allotment of Bonds to such applicants is not a minimum of one Bond or in multiples of one Bond (which is the market lot), the decimal would be rounded off to the next higher whole number if that decimal is 0.5 or higher and to the next lower whole number if that decimal is lower than 0.5. All successful applicants on the issue closing date would be allotted the number of Bonds arrived at after such rounding off.

12. Letter(s) of Allotment/ Bond Certificate(s)/ Refund Order(s)/ Issue Of Letter(s) of Allotment

The beneficiary account of the applicant(s) with the Depositories/ DP will be given initial credit within two working days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a Bond Certificate.

13. Issue of Bond Certificate(s)

Subject to the completion of all statutory formalities within time frame prescribed in the relevant regulations/ act/ rules etc, the initial credit akin to a Letter of Allotment in

the Beneficiary Account of the applicant would be replaced with the number of Bonds allotted. The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of the Depositories Act, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ DP from time to time and other applicable laws and rules notified in respect thereof. The Bonds shall be allotted in dematerialized form only.

14. **Depository Arrangements**

The Bank has appointed CCSL as the Registrar for the Issue. The Bank has entered into necessary depository arrangements for dematerialization of the Bonds offered under the present Issue, in accordance with the Depositories Act and regulations made there under. In this context, the Bank has signed two tripartite agreements as under:

- (a) Tripartite Agreement between the Bank, NSDL and the Registrar for dematerialization of the Bonds offered under the present Issue.
- (b) Tripartite Agreement between the Bank, CDSL and the Registrar for dematerialization of the Bonds offered under the present Issue.

Bondholders can hold the bonds only in dematerialised form and deal with the same as per the provisions of the Depositories Act as amended from time to time.

Restricted

15. **Procedure for Applying for Demat Facility**

- (a) Applicant(s) must have a Beneficiary Account with any DP of NSDL or CDSL, prior to making the applications.
- (b) The applicant(s) must specify their beneficiary account number and DP ID in the relevant columns of the Application Form.
- (c) For subscribing the bonds, names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
- (d) If incomplete/ incorrect beneficiary account details are given in the Application Form which does not match with the details in the depository system, it will be deemed to be an incomplete application and the same be held liable for rejection at the sole discretion of the Bank.
- (e) The Bonds shall be directly credited to the beneficiary account as given in the Application Form and after due verification, allotment advice/ refund order, if any, would be sent directly to the applicant by the Registrars to the Issue but the confirmation of the credit of the Bonds to the applicant's depository

account will be provided to the Applicant by the DP of the applicant.

- (f) Interest or other benefits with respect to the Bonds would be paid to those bondholders whose names appear on the list of beneficial owners given by the depositories to the Bank as on the Record Date. In case, the beneficial owner is not identified by the depository on the Record Date due to any reason whatsoever, the Bank shall keep in abeyance the payment of interest or other benefits, till such time the beneficial owner is identified by the Depository and intimated to the Bank. On receiving such intimation, the Bank shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 days from the date of receiving such intimation, without liability for making payment for penal interest for the intervening period.
- (g) Applicants may please note that the Bonds shall be allotted and traded on the stock exchange(s) only in dematerialized form.

16. Fictitious Applications

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- (a) Makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) Makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) Otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under section 447.”

The liability prescribed under section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

17. Market Lot

The market lot will be one Bond (“Market Lot”). Since the Bonds are being issued only in dematerialized form, the odd lots will not arise either at the time of issuance or at the time of transfer of Bonds.

18. Right to accept or reject applications

The Bank reserves its full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. Interest on application money will be paid from the date of credit till one day prior to the date of refund. The application forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- a. Number of bonds applied for is less than the minimum application size;
- b. Applications exceeding the issue size;
- c. Bank account details not given, particularly, account name and number from which money has been remitted to the Issuer;
- d. Details for issue of Bonds in electronic/ dematerialized form not given;
- e. PAN/GIR and IT Circle/Ward/District not given;
- f. In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

19. Interest in case of delay

- a. In case of delay in execution of the Bond Trust Deed, the Bank will refund the subscription with agreed rate of interest or will pay penal interest of at least 2% per annum over the coupon rate till these conditions are complied with at the option of the Investor;
- b. In case of delay in listing of the Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer will pay penal interest of at least 1% per annum over the coupon rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of the Bonds, to the Investor.

III. TERMS OF ISSUE

1. Date of passing of board resolution authorizing the offer of securities

March 21, 2016.

2. Details of the bonds proposed to be issued and listed

Unsecured Non-Convertible Redeemable Basel III compliant Tier 2 Bonds for inclusion in Tier 2 Capital in dematerialized form made in compliance with the applicable regulations specified by SEBI, the RBI guidelines and other applicable laws.

3. Applicable Regulation

The present issue of Bonds is being made in pursuance of Master Circular No. 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 criteria for inclusion of debt capital instruments as Tier 2 capital and SEBI Debt Regulations. The bank can issue the bonds proposed by it in view of the present approvals and no further internal and external permission/approval(s) is/are required to undertake the proposed activity.

4. Objects of the Issue

Restricted

The proposed Issue is being made for augmenting overall capital of the Bank for strengthening its capital adequacy as per Basel III Regulations, for future growth and for enhancing long-term resources.

5. Price at which the security is being offered including the premium, if any

Each of the Bonds have a face value of Rs. 10,00,000 (Rupees ten lakhs only), with no premium.

6. Name and address of the valuer who performed valuation of the security offered

Not applicable, as the Bonds being offered are unsecured and are being issued at par.

7. Amount intended to be raised

Rs. 1,000 crores (Rupees One Thousand crores only) with an option to retain oversubscription, at the sole discretion of the Issuer, for an amount of up to Rs. 2,000 crores (Rupees Two Thousand crores only) through private placement.

8. Authority for the Issue

The present issue of Bonds is being made pursuant to the resolution of the Board of

Directors dated 21.03.2016 authorizing issue of Bonds offered under terms of this Disclosure Document.

The present issue of Bonds is being made in pursuance of 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 2 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).

The Bank can issue the Bonds proposed by it in view of the present approvals and no further internal or external permission/ approval(s) is/are required by it to undertake the proposed activity.

The Bonds offered are subject to provisions of the Companies Act, 2013, Securities Contract Regulation Act 1956, Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, terms of this Disclosure Document, instructions contained in the Application Form and other terms and conditions as may be incorporated in the Debenture Trustee Agreement. Over and above such terms and conditions, the Bonds shall also be subject to the applicable provisions of the Depositories Act 1996 and the laws as applicable, guidelines, notifications and regulations relating to the allotment & issue of capital and listing of securities issued from time to time by the Government of India (GOI), Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI), concerned Stock Exchange or any other documents that may be executed in respect of the Bonds.

9. Terms of raising securities

Unsecured, non-convertible, redeemable Basel III-compliant Tier 2 Bonds in dematerialized form for inclusion in Tier 2 capital.

10. Paid in status

Fully paid in

11. Maturity period

Ten years from the Deemed date of allotment.

12. Rate of interest

The Bonds have been issued with a fixed rate of interest.

13. Put and Call Option

In pursuance of 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 2 Capital, the Bonds shall not have any “Put Option”.

The Bonds may have “Call Option” exercisable at the initiative of the Bank only after a minimum of five years, subject to compliance with the terms specified in the RBI Regulations. However the proposed Bonds shall not have any “Call Option”.

Therefore, (i) the Bondholder(s) shall not have any right to exercise Put Option; and (ii) the Issuer shall not have right to exercise Call Option to redeem the Bonds, in whole or in part, prior to the Redemption Date.

14. Minimum Subscription

5 (five) Bonds (i.e. a minimum application size of Rs. 50,00,000 (Rupees Fifty lakhs only) and in multiples of 1 (one) Bond thereafter.

15. Underwriting

The present Issue of Bonds is on a Private Placement basis and has not been underwritten.

Restricted

16. Status of Bondholders/ Seniority of Claim

The claims of the Bondholders shall be:

- a) senior to the claims of Investors in Instruments eligible for inclusion in Tier 1 Capital;
- b) subordinate to the claims of all depositors and general creditors of the Bank;
- 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.

17. Loss Absorption Features

The Bonds shall be subjected to loss absorbency features applicable for non-equity capital instruments vide RBI Master Circular No. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 on Basel III capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital (Annex 5) and minimum requirements to ensure loss absorbency of additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the Point of Non-viability (“PONV”) (Annex 16).

Accordingly, the Bonds, at the option of RBI, may be permanently written off, in

whole or in part, on the occurrence of the trigger event called the Point of Non Viability (PONV).

18. PONV Trigger

The PONV Trigger event shall be the earlier of:

- a decision that the permanent write off, without which the Bank would become nonviable, is necessary, as determined by the Reserve Bank of India; and
- a) 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. 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.

For this purpose, the Bank may be considered non-viable if:

The 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 the 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 would include permanent write-off in combination with or without other measures as considered appropriate by the Reserve Bank of India (RBI).

The Bank facing financial difficulties and approaching a PONV shall be deemed to achieve viability if within a reasonable time in the opinion of RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including write-off/public sector injection of funds are likely to:

- a) Restore confidence of the depositors/ investors;
- b) Improve rating/ creditworthiness of the bank and thereby improving 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.

The amount to be written-off will be determined by RBI. The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level may trigger write-off.

18. Purchase/ funding of bonds by the Bank

Neither the Bank nor any related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards) shall purchase the Bonds, nor would 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.

19. Terms of Payment

The full face value of the Bonds applied for is to be paid along with the Application Form. Applicant(s) need to send in the Application Form and the application amount through RTGS for the full value of Bonds applied for.

| Face Value per Bond | Minimum Application Size | Amount Payable on Application per Bond |
|---------------------|---|--|
| Rs.10 lakhs | 5 Bonds and in multiples of 1 Bond thereafter | Rs.10 lakhs |

20. Deemed Date of Allotment

All benefits under the Bonds including payment of interest will accrue to the Bondholders from and including April 27, 2016 which shall be the Deemed Date of Allotment. All benefits relating to the Bonds will be available to the applicants from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment. The Bank reserves the right to keep multiple allotment date(s)/ date(s) of allotment at its sole and absolute discretion without any notice. If the issue closing date/ pay in dates is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Bank at its sole and absolute discretion.

21. Trading of Bonds

The marketable lot for the purpose of trading of Bonds shall be 1 (one) Bond of face value of Rs.10 lakhs each. Trading of Bonds would be permitted in demat mode only in standard denomination of Rs.10 lakhs and such trades shall be cleared and settled in recognised stock exchange(s) subject to conditions specified by SEBI. In case of trading in Bonds which has been made over the counter, the trades shall be reported on a recognized stock exchange having a nation-wide trading terminal or such other platform as may be specified by SEBI.

22. Mode of Transfer of Bonds

The Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give

delivery instructions containing details of the buyer's DP account to his depository participant. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Bank.

Transfer of Bonds to and from NRIs/ OCBs, in case they seek to hold the Bonds and are eligible to do so, will be governed by the then prevailing guidelines of RBI.

23. Common Form of Transfer

The Bank undertakes that it shall use a common form/ procedure for transfer of Bonds issued under terms of this Disclosure Document.

24. Interest on the Bonds

The Bonds shall carry a fixed rate of interest at the Coupon Rate from, and including, the Deemed Date of Allotment up to, but excluding the Redemption Date, payable on the "Coupon Payment Dates", on the outstanding principal amount of Bonds till Redemption Date as specified in the Summary Term Sheet.

In pursuance of 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 criteria for inclusion of debt capital instruments as Tier 2 Capital, the Bonds shall not have any step-ups or any other incentives to redeem. Further, the Bonds shall not have a credit sensitive coupon feature, i.e. a coupon that is reset periodically based in whole or in part on Bank's credit standing.

The interest will be paid to those bondholders whose name appears on the record of the Depositories as on the Record Date. Interest will be paid by RTGS/NEFT/ Pay Orders/ Demand Drafts.

25. Deduction of Tax at Source

Tax as applicable under the IT Act or any other statutory modification or re-enactment thereof will be deducted at source out of interest payable on Bonds.

Interest payable subsequent to the Deemed Date of Allotment of Bonds shall be treated as "Interest on Securities" as per Income Tax Rules. Bondholders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/ document, under section 193 of the IT Act, if any, with the Registrar, or to such other person(s) at such other address(es) as the Bank may specify from time to time through suitable communication, at least 45 days before the payment becoming due. However, with effective from 01.06.2008, tax

is not to be deducted at source under the provisions of section 193 of IT Act, if the following conditions are satisfied:

- (a) interest is payable on any security issued by a company;
- (b) such security is in dematerialized form; and
- (c) such security is listed in a recognised stock exchange in India.

Present issue of Bonds fulfils the above conditions and therefore, no tax would be deducted on the interest payable. However, the Bank shall pursue the provisions as amended from time to time with respect to applicability of TDS at the time of payment of interest on Bonds. Regarding deduction of tax at source and the requisite declaration forms to be submitted, applicants are advised to consult their own tax consultant(s).

26. Redemption/Maturity:

The Bonds shall be redeemed in full 10 (ten) years from the Deemed Date of Allotment, as per the terms of the Disclosure Document.

The Bonds shall be redeemed at par along with interest accrued till one day prior to the Redemption Date, as per the terms of the Disclosure Document.

27. Settlement/ Payment on Redemption

Payment of interest and repayment of principal shall be made by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT mechanism in the name of the Bondholders whose name appear on the List of Beneficial Owners given by Depository to the Bank as on the Record Date.

The Bonds shall be taken as discharged on payment of the redemption amount by the Bank on the Redemption Date to the list of Beneficial Owners as provided by NSDL/ CDSL/ Depository Participant as on Record Date. Such payment will be a legal discharge of the liability of the Bank towards the Bondholders. On such payment being made, the Bank shall inform NSDL/ CDSL/ Depository Participant and accordingly the account of the Bondholders with NSDL/ CDSL/ Depository Participant shall be adjusted.

The Bank's liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due date of redemption in all events. Further the Bank will not be liable to pay any interest or compensation from the Redemption Date. On the Bank's dispatching/ crediting the amount to the Beneficiary(ies) as specified above in respect of the Bonds, the liability of the Bank shall stand extinguished.

28. Effect of Holidays

If any Coupon Payment Date falls on a day which is not a Business Day, the payment of coupon shall be made by the Bank on the immediately succeeding Business Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.

If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Bank on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.

In the Event the Record Day falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.

29. List of Beneficial Owners

The Bank shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount on maturity, as the case may be. In case, the beneficial owner is not identified by the Depository on the Record Date due to any reason whatsoever, the Issuer shall keep in abeyance the payment of interest or other benefits, till such time the beneficial owner is identified by the depository and intimated to the Issuer. On receiving such intimation, the Issuer shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 (fifteen) days from the date of receiving such intimation.

30. Succession

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Bank shall recognize the executor or administrator of the deceased Bondholder, or the holder of succession certificate or other legal representative as having title to the Bond(s). The Bank shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Bank may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bond(s) standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity.

Where a non-resident Indian becomes entitled to the Bond by way of succession, the following steps have to be complied:

- a. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Bond was acquired by the NRI as part of the legacy left by the

deceased holder.

- b. Proof that the NRI is an Indian National or is of Indian origin.

Such holding by the NRI will be on a non-repatriation basis.

31. Who Can Apply

The following categories of applicants are eligible to apply for this Issue of Bonds. However, the prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the Issue.

- (a) Mutual Funds;
- (b) Public Financial Institutions as defined under Section 4A of the Companies Act.
- (c) Scheduled Commercial Banks;
- (d) Insurance Companies;
- (e) Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds;
- (f) Co-operative Banks;
- (g) Regional Rural Banks authorized to invest in bonds/ debentures;
- (h) Companies and Bodies Corporate authorized to invest in bonds/ debentures;
- (i) Trusts authorized to invest in bonds/ debentures; and
- (j) Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures, etc.

The issue is restricted to the above class of investors. Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the Issue.

All applicants are required to comply with the relevant regulations/ guidelines applicable to them for investing in the issue of Bonds as per the norms approved by Government of India, Reserve Bank of India or any other statutory body from time to time.

However, out of the aforesaid class of applicants eligible to invest, this Disclosure Document is intended solely for the use of the person to whom it has been sent by the Bank for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons (other than professional advisors of the prospective

applicant receiving this Disclosure Document from the Bank).

32. How to Apply

This being a private placement Issue, the eligible investors who have been addressed through this communication directly, only are eligible to apply. Applications for the Bonds must be in the prescribed form and completed in BLOCK LETTERS in English and as per the instructions contained therein.

Applications complete in all respects must be submitted before the last date indicated in the issue time table or such extended time as decided by the Bank, at any of the designated collection centres, accompanied by the credit of application money by way of RTGS. The original Application Forms (along with all necessary documents as detailed in this Disclosure Document), pay-in slip and other necessary documents should be sent to the Domestic Treasury, Integrated Treasury Wing, Mumbai of the Bank on the same day.

The remittance of application money should be made by electronic transfer of funds through RTGS mechanism for credits as per details given hereunder:

| | |
|------------------------------------|---|
| Name of the Banker | Canara Bank |
| Account Name | Canara Bank A/c- Tier II Bonds 2016-17 Restricted |
| Credit into Current A/c No. | 2426201100296 |
| IFSC Code | CNRB0002426 |
| Address of the Branch | 115, 11th Floor, Atlanta Building, Nariman Point, Mumbai- 400021 |
| Narration | Application Money for the Bond Issue |

Cheque(s), demand draft(s), money orders, postal orders will not be accepted. The Bank assumes no responsibility for any applications lost in mail. The entire amount of Rs.10 lakhs per Bond is payable on application.

Applications should be for the number of Bonds applied by the Applicant. Applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.

The applicant or in the case of an application in joint names, each of the applicant, should mention his/her Permanent Account Number (PAN) allotted under the Income-

Tax Act or where the same has not been allotted, the GIR No. and the Income tax Circle/Ward/District. As per the provision of Section 139A (5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the applicant should mention his PAN/GIR No. In case neither the PAN nor the GIR Number has been allotted, the applicant shall mention “Applied for” and in case the applicant is not assessed to income tax, the applicant shall mention “Not Applicable” (stating reasons for non applicability) in the appropriate box provided for the purpose. Application Forms without this information will be considered incomplete and are liable to be rejected.

All applicants are requested to tick the relevant column “Category of Investor” in the Application Form. Public/ Private/Religious/ Charitable Trusts, Provident Funds and Other Superannuation Trusts and other investors requiring “approved security” status for making investments.

For further instructions about how to make an application for applying for the Bonds and procedure for remittance of application money, please refer to the Summary Term Sheet and the Application Form (Annexure VIII hereof).

33. Force Majeure

The Bank reserves the right to withdraw the issue prior to the Issue Closing Date in the event of any unforeseen development adversely affecting the economic and regulatory environment.

34. Applications Under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Bank or to the Registrars or to such other person(s) at such other address(es) as may be specified by the Bank from time to time through a suitable communication.

35. Application by Mutual Funds

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

36. Application by Provident Funds, Superannuation Funds and Gratuity Funds

The applications must be accompanied by certified true copies of (i) Trust Deed/Bye Laws/Resolutions, (ii) Resolution authorising investment and (iii) specimen signatures of the authorised signatories. Those desirous of claiming tax exemptions on interest on application money are compulsorily required to submit a certificate issued by the Income Tax Officer along with the Application Form. For subsequent interest payments, such certificates have to be submitted periodically.

37. PAN/GIR Number

All applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1961 and the Income Tax Circle/ Ward/ District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

38. Signatures

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/ Notary Public under his/her official seal.

39. Nomination Facility

As per Section 72 of the companies act, 2013, only individuals applying as sole applicant/Joint Applicant can nominate, in the prescribed manner, a person to whom his Bonds shall vest in the event of his death. Non-individuals including holders of Power of Attorney cannot nominate.

40. Right of Bondholder(s)

Bondholder is not and shall not be construed as a shareholder of the Bank. The Bondholders will not be entitled to any other rights and privilege of shareholders other than those available to them under statutory requirements. The Bond(s) shall not confer upon the holders the right to receive notice, or to attend and vote at the General Meeting of the Bank. The principal amount and interest on the Bonds will be paid to the registered Bondholders only, and in case of Joint holders, to the one whose name stands first.

Besides the above and other applicable laws and regulations, the Bonds shall be subject to the provisions of the Banking Regulation Act, 1949, as amended, the terms of this Bond Issue and the other terms and conditions as may be incorporated in the Debenture Trusteeship Agreement and other documents that may be executed in respect of these Bonds.

41. Modification of Rights

The rights, privileges, terms and conditions attached to the Bonds may be varied,

modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Bank where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Bank.

42. Future Borrowings

The Bank shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form as also issue Bonds/ Debentures/ Notes/ other securities in any manner with ranking as pari-passu basis or otherwise and to change its capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital, on such terms and conditions as the Bank may think appropriate, without the consent of, or intimation to, the Bondholder(s) or the Trustees in this connection.

43. Notices

All notices required to be given by the Bank or by the Trustees to the Bondholders shall be deemed to have been given if sent by ordinary post/ courier to the original sole/ first allottees of the Bonds and/ or if published in one All India English daily newspaper and one regional language newspaper.

All notices required to be given by the Bondholder(s), including notices referred to under “Payment of Interest” and “Payment on Redemption” shall be sent by registered post or by hand delivery to the Bank or to such persons at such address as may be notified by the Bank from time to time.

44. Joint-Holders

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to provisions contained in the Companies Act, 1956 and the Companies Act, 2013.

45. Disputes & Governing Law

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 Bengaluru.

46. Investor Relations And Grievance Redressal

Arrangements have been made to redress investor grievances expeditiously as far as possible, the Bank endeavors to resolve the investor’s grievances within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of Bonds applied for, amount paid on application and details of

collection centre where the Application was submitted, may be addressed to the Compliance Officer at Corporate office of the Bank. All investors are hereby informed that the Bank has appointed a Compliance Officer who may be contacted in case of any pre-issue/ post-issue related problems such as non-credit of letter(s) of allotment/ bond certificate(s) in the demat account, non-receipt of refund order(s), interest warrant(s)/ cheque(s) etc. Contact details of the Compliance Officer are given elsewhere in this Disclosure Document.

47. Credit Rating for the Bonds

CRISIL Limited, vide their letter, MB/FSR/CANBANK/2015-16/2230 dated March 28,2016, have assigned a credit rating of “**CRISIL AAA/Negative**” (pronounced “CRISIL triple A rating with negative outlook) rating for the Bank’s issuance of Tier 2 Bond (under Basel III) aggregating up to Rs 3000 crore. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. A copy of the rating letter from CRISIL Limited is enclosed in Annexure I in this Disclosure Document.

ICRA Limited (ICRA) have vide their letter no. ICRA:BLR:2015-16/RT/935 dated March 28,2016, has assigned a credit rating of & “[ICRA] AAA(hyb)” (pronounced “ICRA Triple A hybrid rating with negative outlook”) for the Bank’s issuance of Tier 2 Bonds aggregating up to Rs. 3000 crore. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. A copy of the rating letter from ICRA Limited is enclosed in Annexure II in this Disclosure Document.

India Ratings & Research have vide their letter dated April 7, 2016 have assigned ‘IND AAA’ outlook stable to Canara Bank’s issuance of up to INR 30 billion Basel III compliant Tier 2 Bonds. A copy of the rating letter from India Ratings & Research is enclosed in Annexure III in this Disclosure Document.

Other than the credit rating mentioned hereinabove, the Bank has not sought any other credit rating from any other credit rating agency(ies) for the Bonds offered for subscription under the terms of this Disclosure Document.

The above rating is not a recommendation to buy, sell or hold securities and applicants should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency. The rating obtained is subject to revision at any point of time in the future. The rating agency has the right to suspend, withdraw the rating at any time on the basis of new information etc.

48. Trustees for the Bondholders

In accordance with the provisions of (i) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, (ii) 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, (iii) Section 117B of the Companies Act, 1956 (1 of 1956) and Section 71 of the Companies Act, 2013 to the extent in force and notified respectively and (iv) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Bank has appointed SBICAP Trustee Company Ltd to act as Trustees (“**Trustee**”) for and on behalf of the holder(s) of the Bonds. The address and contact details of the Trustees are as under:

SBICAP Trustee Company Ltd,
Corporate Office,
Apeejay House,
6th Floor, 3, Dinshaw Waccha Road,
Church Gate, Mumbai -400020

A copy of letter from **SBICAP Trustee Company Ltd** conveying their consent to act as Trustee for the current issue of Bonds is enclosed in Annexure IV in this Disclosure Document.

The Bank hereby undertakes that a Debenture Trusteeship Agreement shall be executed by it in favour of the Trustees within three months permissible under applicable laws. The Debenture Trusteeship Agreement shall contain such clauses as may be prescribed under section 71 of the Companies Act, 2013 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations. Further, the Debenture Trusteeship Agreement shall not contain a clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Bank in relation to any rights or interests of the holder(s) of the Bonds, (ii) limiting or restricting or waiving the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992); Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 and circulars, regulations or guidelines issued by SEBI and (iii) indemnifying the Trustees or the Bank for loss or damage caused by their act of negligence or commission or omission.

The Bondholder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by the Bank to the Trustees on behalf of the Bondholder(s) shall discharge the Bank pro tanto to the Bondholder(s). The Trustees shall protect the interest of the Bondholders in the event of default by the Bank in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of the Bank. No Bondholder shall be entitled to proceed

directly against the Bank unless the Trustees, having become so bound to proceed, fail to do so.

The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustee by the holder(s) 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, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.

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 Bank in consultation with institutional holder(s) of such Bonds, in accordance with applicable laws. The Trustees shall ensure disclosures of all material events on an ongoing basis.

The Bank 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 Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/ 11/05 dated May 11, 2009 as amended and further, the Bank shall submit to the Trustee such other information required to be furnished by the Bank pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 within the timelines specified therein. Besides, the Bank 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) and other existing Bondholder(s) within two working days of their specific request.

49. Stock Exchange Where Bonds Are Proposed to be Listed

The Bonds are proposed to be listed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited (“NSE”). The Bank made an application to NSE for seeking its in-principle approval for listing of Bonds offered under the terms of this Disclosure Document and received an in-principle approval from the NSE vide letter bearing reference no. NSE/LIST/68862 Dated 08.04.2016

In pursuance of SEBI Debt Regulations, the Bank shall make listing application to NSE within 15 days from the Deemed Date of Allotment of Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of Bonds. In the event

of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Bank shall pay penal interest 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 Bonds to the Bondholder(s).

In connection with listing of Bonds with NSE, the Bank hereby undertakes that:

- (a) it shall comply with the conditions of listing as specified in the Listing Agreement for the Bonds;
- (b) the credit rating obtained for the Bonds shall be periodically reviewed by the credit rating agency and any revision in the rating shall be promptly disclosed by the Bank to NSE;
- (c) any change in credit rating shall be promptly disseminated to the Bondholder(s) in such manner as NSE may determine from time to time;
- (d) The Bank, the Trustees and NSE shall disseminate all information and reports on the Bonds including compliance reports filed by the Banks and the Trustees regarding the Bonds to the Bondholder(s) and the general public by placing them on their websites;
- (e) Trustees shall disclose the information to the Bondholder(s) and the general public by issuing a press release and placing on the websites of the Trustees, the Bank and NSE, in any of the following events:
 - (i) default by Bank to pay interest on the Bonds or redemption amount;
 - (ii) revision of the credit rating assigned to the Bonds.
- (f) The Bank 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 Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. Besides, the Bank 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") and other existing Bondholder(s) within two working days of their specific request.

50. Material Contracts & Agreements Involving Financial Obligations Of The Issuer

By very nature of its business, the Bank is involved in a large number of transactions involving financial obligations and therefore it may not be possible to furnish details

of all material contracts and agreements involving financial obligations of the Bank. However, the contracts referred to in Para A below (not being contracts entered into in the ordinary course of the business carried on by the Bank) which are or may be deemed to be material have been entered into by the Bank. Copies of these contracts together with the copies of documents referred to in Para B may be inspected at the Head Office of the Bank between 10.00 a.m. and 2.00 p.m. on any working day until the issue closing date.

A. Material contracts

- a. Letter appointing Registrars and Agreement entered into between the Bank and the Registrars.
- b. Letter appointing Trustees to the Bondholders.

B. Documents

The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:

- a. The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended from time to time.
- b. Board resolution dated March 21, 2016, authorizing issue of Bonds offered under terms of this Disclosure Document.
- c. Letter of consent from the Trustees for acting as trustees for and on behalf of the holder(s) of the Bonds.
- d. Letter of consent from the Registrars for acting as Registrars to the Issue.
- e. Application made to the NSE for grant of in-principle approval for listing of Bonds.
- f. Letter from ICRA Limited conveying the credit rating for the Bonds.
- g. Letter from CRISIL Limited conveying the credit rating for the Bonds.
- h. Letter from India Ratings & Research Private Limited conveying the credit rating for the Bonds
- i. Tripartite Agreement between the Bank, NSDL and Registrars for issue of Bonds in dematerialised form.
- j. Tripartite Agreement between the Bank, CDSL and Registrars for issue of Bonds in dematerialised form.

C. Disclosure of cash flows: Cash Flow (as per SEBI CIR/IMD/DF/18/2013 dated 29/10/2013):

Please see Annexure VII hereof.

Restricted

IV. SUMMARY TERM SHEET FOR THE ISSUE

| | |
|-------------------------------|---|
| Security Name | 8.40% CANARA BANK Tier 2 Bonds 2016-17 |
| Issuer | Canara Bank (“CB”/ the “Bank”/ the “Issuer”) |
| Type of Instrument | Unsecured, Non-Convertible, Redeemable Basel-III Compliant Tier 2 Bonds in the nature of Debentures of Rs 10 Lakh each |
| Nature Of Instrument | Unsecured |
| Seniority of the Bonds | <p>The claims of the Bondholders in the Bonds shall be –</p> <ul style="list-style-type: none"> (i) senior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital of the Bank; (ii) subordinate to the claims of all depositors and general creditors of the Bank; (iii) 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. |
| Mode of Issue | Private placement in demat form. |
| Eligible Investors | <ul style="list-style-type: none"> a) Mutual Funds; b) Public Financial Institutions as defined under the Companies Act; c) Scheduled Commercial Banks; d) Insurance Companies; e) Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds; f) Co-operative Banks; g) Regional Rural Banks authorized to invest in bonds / debentures; h) Companies and Bodies Corporate authorized to invest in bonds / debentures; i) Trusts authorized to invest in bonds / debentures and j) Statutory Corporations / Undertakings established by Central / State legislature authorized to invest in bonds / debentures etc. <p>This Issue is restricted only to the above class of investors. However, out of the aforesaid class of applicants eligible to invest, this Disclosure Document is intended solely for the use of the person to whom it has been sent by the Bank for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons.</p> |

| | |
|---|--|
| | Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the issue. Prior to making any investment in these Bonds, each investor should satisfy and assure herself/himself/itself that it is authorized and eligible to invest in these Bonds. The Bank shall be under no obligation to verify the eligibility/authority of the investor to invest in these Bonds. Further, mere receipt of this Disclosure Document (and/or any Transaction Document in relation thereto and/or any draft of the Transaction Documents) by a Person shall not be construed as any representation by the Bank that such Person is authorized to invest in these Bonds or eligible to subscribe to these Bonds. If after applying for subscription to these Bonds and/or allotment of Bonds to any Person, such Person becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, the Bank shall not be responsible in any manner. |
| Listing (including name of stock exchange(s) where it will be listed and timeline for listing) | Proposed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited ("NSE") |
| Rating of the Bonds | <ol style="list-style-type: none"> 1. 'CRISIL AAA/ Negative' (pronounced "CRISIL triple A rating with negative outlook") by CRISIL Limited 2. [ICRA] AAA(hyb) (pronounced "ICRA Triple A hybrid rating with negative outlook") by ICRA Limited. 3. 'IND AAA' rating with a Stable Outlook by India Ratings & Research Private Limited. |
| Issue Size | Rs. 1,000 crores (Rupees One Thousand crores only) with an option to retain oversubscription, at the sole discretion of the Issuer, for an amount of up to Rs. 2,000 crores (Rupees Two Thousand crores only) through private placement. |
| Option to retain oversubscription (Amount) | Up to Rs. 2,000 crores (Rupees Two Thousand crores only), at the sole discretion of the Issuer. |
| Objects of the Issue | Augmenting overall capital of the Bank, including Tier 2 Capital, for strengthening its capital adequacy as per Basel-III Regulations, for future growth and for enhancing long-term resources. |
| Utilization of Issue Proceeds | The funds being raised by the Bank through this Private Placement are not meant for financing any particular project. The Bank shall utilize the proceeds of the issue for its regular business activities. |

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| | The Bank undertakes that proceeds of the present 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(s). |
| Coupon Rate | 8.40% |
| Coupon Type | Fixed |
| Step Up/ Step Down Coupon Rate | None |
| Coupon Payment Frequency | Annual |
| Coupon Reset Process (including rates, spread, effective date, interest rate cap & floor etc) | Not Applicable |
| Coupon Payment Dates | Annually |
| Day Count basis | Actual / Actual. |
| Interest on Application Money | <p>This shall be paid at the coupon rate (subject to deduction of Income Tax as per the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer's Bank Account upto one day prior to the Deemed Date of Allotment.</p> <p>The interest on application money will be computed as per Actual/ Actual day count convention. Such interest would be paid on all valid applications, including the refunds. Where the entire subscription amount has been refunded, the interest on application money will be paid along with the Refund Orders. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money.</p> <p>TDS will be deducted at the applicable rate on interest on application money.</p> <p>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> |

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| Default Interest Rate | <p>In case of default in payment of Interest and/or principal redemption on the due dates, additional interest at 2% p.a. over the coupon rate will be payable by the Issuer for the defaulting period.</p> <p>However, any non-payment of interest and / or principal on account of RBI Guidelines on Basel III capital regulations and other provisions of this Summary Term Sheet, no such default interest shall be payable.</p> |
| Tenor | Redeemable after 120 (one hundred twenty) months i.e. 10 years from the Deemed Date of Allotment |
| Redemption Date | 10 (ten) years from the Deemed date of Allotment, as per the terms of the Disclosure Document |
| Redemption Amount | At par along with interest accrued till one day prior to the Redemption Date, as per the terms of the Disclosure Document. |
| Premium / Discount on Redemption | Nil |
| Issue Price | At par (Rs. 10,00,000 per Bond) |
| Premium / Discount on Issue | Nil |
| Put Date | Not applicable |
| Put Option Price | Not applicable |
| Call Date | Not applicable |
| Conditions for exercise of Call Option | Not applicable |
| Call Option Price | Not applicable |
| Put Notification Time | Not applicable |
| Call Notification Time | Not applicable |
| Face Value | Rs. 10,00,000 (Rupees Ten lakhs) per Bond |
| Minimum Application | Five Bonds and in multiples of 1 Bond thereafter |
| Issue Timing: | |
| 1. Issue Opening Date | 18.04.2016 |
| 2. Issue Closing Date | 27.04.2016 |
| 3. Pay-in Date | 18.04.2016 to 27.04.2016 |
| 4. Deemed Date of Allotment | 27.04.2016 |

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| Issuance mode of the Bond | In Demat mode only. |
| Trading mode of the Bond | In Demat mode only |
| Settlement mode of the Bond | 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. |
| Depository | NSDL and CDSL. |
| Business Day Convention | “Business Day” shall be all days (excluding Sundays and Public Holidays and Saturdays on which the Bank is not open) on which commercial banks are open for business in the city of Bengaluru, Karnataka. |
| Effect of Holiday | <p>If any Coupon Payment Date falls on a day which is not a Business Day, the payment of coupon shall be made by the Bank on the immediately succeeding Business Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.</p> <p>If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Bank on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.</p> |
| Record Date | <p>15 days prior to the relevant Coupon Payment Date/ Redemption Date.</p> <p>In the event the Record Date falls on a day which is not a Business Day, the next business day will be considered as the Record Date.</p> |
| Security | Unsecured |
| Transaction Documents | <p>The Issuer 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 Trusteeship Agreement / Debenture Trust Deed; Letter appointing Registrar and Agreement entered into between the Issuer and the Registrar; Rating Agreement with CRISIL Limited, ICRA Limited and India Ratings & Research Private Limited; Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form; Tripartite Agreement between the Issuer; Registrar and CDSL for issue of Bonds in dematerialized form; Letter appointing Arranger(s) to the Issue; Application made to NSE for seeking its in-principle approval for listing of Bonds |

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| | i) Listing Agreement with NSE. |
| Conditions precedent to subscription of Bonds | <p>The subscription from applicants shall be accepted for allocation and allotment by the Issuer subject to the following:</p> <ol style="list-style-type: none"> Rating letter from CRISIL Limited, ICRA Limited & India Rating & Research Private Limited not being more than one month old from the issue opening date; Consent letter from the Trustees to act as Trustee to the Bondholder(s); Letter from NSE conveying in-principle approval for listing & trading of Bonds |
| Conditions subsequent to subscription of Bonds | <p>The Issuer shall ensure that the following documents are executed/ activities are completed as per terms of this 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 15 days from the Deemed Date of Allotment to list the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of bonds in pursuant to SEBI Debt regulation; and Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Disclosure Document. |
| Events of Default and Treatment in Bankruptcy/ Liquidation | The Bondholder shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation of the Issuer. |
| Provisions related to Cross Default | Not applicable. |
| Role and Responsibilities of Debenture Trustee | The Trustee 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) 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 (Debentures Trustees) Regulation, 1993, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, |

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| | <p>with due care, diligence and loyalty.</p> <p>The Trustee 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, in accordance with applicable laws. The Trustee 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 Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. and further, the Bank shall submit to the Trustee such other information required to be furnished by the Bank pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 within the timelines specified therein. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustee and the Trustees shall be obliged to share the details so submitted with all “Qualified Institutional Buyers” (QIBs) and other existing bondholder(s) within two working days of their specific request.</p> |
| 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 Bengaluru, Karnataka. |
| Convertibility of Bonds | Non-Convertible |
| Condition to Redemption | The Bonds shall be redeemed at par along with interest accrued till one day prior to the Redemption Date, as per the terms of the Disclosure Document. |
| Loss Absorbency | The Bonds shall be subjected to loss absorbency features applicable for non-equity capital instruments vide RBI Master Circular No. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 on Basel III capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital (Annex 5) and minimum requirements to ensure loss absorbency of additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the Point of Non-viability (“PONV”) (Annex 16). |

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| | Accordingly, the Bonds at the option of RBI, shall be permanently written off on the occurrence of the trigger event called the Point of Non Viability (PONV). |
| PONV | <p>The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent), at the option of the RBI, can be written off upon the occurrence of the trigger event, called “Point of Non-Viability Trigger” (PONV Trigger)</p> <p>The PONV Trigger event shall be the earlier of:</p> <p>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</p> <p>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. 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>For this purpose, the Bank may be considered non-viable if:</p> <p>The 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 the 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 would include permanent write-off in combination with or without other measures as considered appropriate by the Reserve Bank of India (RBI).</p> <p>The Bank facing financial difficulties and approaching a PONV shall be deemed to achieve viability if within a reasonable time in the opinion of RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including write-off/public sector injection of funds are likely to:</p> <p>a) Restore confidence of the depositors/ investors;</p> <p>b) Improve rating/ creditworthiness of the bank and thereby</p> |

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| | <p>improving its borrowing capacity and liquidity and reduce cost of funds; and</p> <p>c) Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.</p> <p>The amount to be written-off will be determined by RBI. The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level may trigger write-off.</p> |
| <p>Other Events or Treatment in the event of Winding-Up, Amalgamation, Acquisition, Re Constitution etc. of the Bank</p> | <p><i>Treatment of Bonds in the event of Winding-Up:</i></p> <ol style="list-style-type: none"> If the Bank goes into liquidation before the Bonds have been permanently written-off, these Bonds will absorb losses in accordance with the order of Seniority indicated in the Information Memorandum and as per usual legal provisions governing priority of charges; If the Bank goes into liquidation after the Bonds have been permanently written-off, the holders of these instruments will have no claim on the proceeds of liquidation. <p><i>Amalgamation of a banking company (section 44A of the Banking Regulations Act, 1949):</i></p> <p>Restricted</p> <ol style="list-style-type: none"> If the Bank is amalgamated with any other bank before the Bonds have been permanently written-off, the Bonds will become part of the corresponding categories of regulatory capital of the new bank emerging after the merger. If the Bank is amalgamated with any other bank after the Bonds have been written-off permanently, these cannot be written-up by the amalgamated entity. <p><i>Scheme of reconstitution or amalgamation of a banking company</i></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, the 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 the Bonds will be activated. Accordingly, the Bonds will be fully written-off permanently before amalgamation / reconstitution in accordance with these rules.</p> <p>The Order of write-off of the present Tier 2 Bonds vis-à-vis other capital instruments which the Bank has already issued or may issue in future, will be in accordance with the order of “Seniority of the</p> |

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| | Bonds” as mentioned earlier in the Information Memorandum and per usual legal provisions governing priority of charges. | |
| Treatment in Bankruptcy / Liquidation | The Bondholders have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation. | |
| Registrars | Canbank Computer Services Limited | |
| Compliance Officer | Company Secretary of the Bank, details provided in the Information Memorandum. | |
| Payment Mode | The remittance of application money should be made by electronic transfer of funds through RTGS mechanism for credit to an Account as furnished below: | |
| | Name of the Banker | Canara Bank |
| | Account Name | Canara Bank A/c- Tier II Bonds 2016-17 |
| | Credit into Current A/c No. | 2426201100296 |
| | IFSC Code | CNRB0002426 |
| | Address of the Branch | 115, 11th Floor, Atlanta Building, Nariman Point, Mumbai 400021 |
| | Narration | Application Money for the Bond Issue |
| Arrangers | <p>Axis Bank Limited Axis House, 8th Floor C -2, Wadia International Centre, Worli, Mumbai – 400 025 Tel. No.: 022 6604 3293 9820342215 Fax No.: 022 2425 3800 Contact person: Vikas Shinde Email: vikas.shinde@axisbank.com</p> <p>ICICI Bank Limited ICICI Bank Tower Bandra Kurla Complex Bandra (East) Mumbai – 400 051 Tel. No.: 022 2653 8980 9967821080 Fax No.: 022 2653 1099 Contact person: Sanket Jain Email: sanket.jain@icicibank.com</p> | |

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| | <p>Trust Investment Advisors Private Limited 1101, Naman Center, G- Block, C-31, Bandra Kurla Complex Bandra (East) Mumbai – 400 051 Tel. No.: 022 4224 5120 9870283954 Fax No.: 022 4084 5066 Contact person: Kamlesh Biyani Email: kamlesh.biyani@trustgroup.co.in</p> |
| Additional Covenants | <p><u>Delay in Listing:</u> The Issuer shall complete all formalities and seek listing permission within 15 days from the Deemed Date of Allotment. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest of 1.00% per annum over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).</p> <p><u>Refusal of Listing:</u> If listing permission is refused before the expiry of 20 days from the Deemed Date of Allotment, the Issuer shall forthwith repay all monies received from the applicants in pursuance of the Disclosure Document along with penal interest of 1.00% per annum over the Coupon Rate from the expiry of 20 days from the Deemed Date of Allotment.</p> <p><u>Modification of Issue schedule:</u> The Bank reserves its sole and absolute right to modify (pre-pone/ postpone) the above issue schedule without giving any reasons or prior notice. The Bank also reserves its sole and absolute right to change the deemed date of allotment of the above issue without giving any reasons or prior notice. 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 Issuer. The Bank reserves the right to close the Issue earlier than the stipulated issue closing date and it is further clarified that the Bank need not wait for any minimum subscription amount to the Bonds before closing the Issue.</p> |
| Applicable Guidelines | <p>RBI The present issue of Bonds is being made in pursuance of Master Circular No. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 issued by the Reserve Bank of India on Basel III</p> |

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| | capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital (Annex 5) and minimum requirements to ensure loss absorbency of additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the PONV (Annex 16). |
| Prohibition on Purchase / Funding of Instruments | 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. |

Disclosure Document
FOR PRIVATE CIRCULATION ONLY

Serial Number: [●]
Name of Investor: [●]

V. DECLARATION

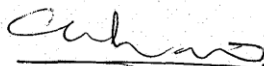
The Bank undertakes that this Disclosure Document contains full disclosures in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended and Securities and Exchange 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 of 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 as may be amended from time to time (together, the “SEBI Debt Regulations”) and the Reserve Bank of India (“RBI”) master circular on ‘Basel III Capital Regulations’ issued vide circular no. RBI/2015-16/58 DBR.NO.BP.BC.1/21.06.201/2015-16 dated July 01, 2015.

The Bank also confirms that this Disclosure Document does not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading. The Disclosure Document also does not contain any false or misleading statement.

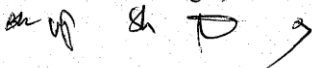
The Bank accepts no responsibility for the statement made otherwise than in the Disclosure Document or in any other material issued by or at the instance of the Bank and that any one placing reliance on any other source of information would be doing so at his own risk.

Signed pursuant to internal authority granted.

For Canara Bank



General Manager, Authorised Signatory



Place: Bengaluru, Karnataka

Date: 13.04.2016

Annexure – I

CRISIL Rating Letter



CONFIDENTIAL

Ref.No: MB/FSR/CANBANK/2015-16/2230

March 28, 2016

Mr. M.A.K.Prabhu
General Manager – Treasury & Investment Division,
Canara Bank
Maker Chamber III,
7th Flr, Nariman Point,
Mumbai – 400 021.
Ph: 022 – 2283 4314 / Fax: 022 – 2280 0100

Dear Mr. Prabhu,

Re: CRISIL Rating for the Rs.30.0 billion Tier II Bond Issue (under BASEL III) of Canara Bank

We refer to your request for a rating for the captioned Debt Programme.

CRISIL has, after due consideration, assigned a “CRISIL AAA/Negative” (pronounced “CRISIL triple A rating with Negative outlook”) rating to the captioned Debt Programme. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned issue at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. The terms of the instrument are mentioned in Annexure 1. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per the latest SEBI circular¹ on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crsil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crsil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Rajat Bahl
Director – Financial Sector Ratings

Malvika Bhotika
Manager – Financial Sector Ratings



¹ Please refer to SEBI circular (bearing reference number: CIR/IMD/DF/17/2013) on Centralized Database for Corporate bonds/ Debentures dated October 22, 2013

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor.

CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at CRISILratingdesk@crsil.com or at (+91 22) 6691 3001 – 09.

Classification: EXTERNAL

CRISIL Limited

Corporate Identity Number: L67120MH1987PLC042363

Registered Office: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400 076. Phone: +91 22 3342 3000 | Fax: +91 22 3342 3050
www.crsil.com



Annexure – I

Key features of the Rs.30.0 billion Tier II Bond Issue (under BASEL III) of Canara Bank

- Non-Convertible Redeemable Unsecured Basel III compliant Tier II Bonds
- Redeemable after 120 months from the deemed date of allotment.
- Coupon payments on an annual basis.
- Loss Absorption Features' as per RBI's BASEL III norms applicable.
 - Instrument may be, in part or in full, at the option of RBI, be permanently written off on occurrence of trigger event called Point of Non Viability (PONV) trigger..
 - PONV trigger shall be determined by RBI.

Restricted

CRISIL Limited

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www.crisil.com



Annexure – II Details of the Rs.30.0 billion Tier II Bond Issue (under BASEL III) of Canara Bank

| | 1st tranche | | 2nd tranche | | 3rd tranche | |
|-------------------------------|-------------|--------|-------------|--------|-------------|--------|
| Instrument Series: | | | | | | |
| Amount Placed: | | | | | | |
| Maturity Period: | | | | | | |
| Put or Call Options (if any): | | | | | | |
| Coupon Rate: | | | | | | |
| Interest Payment Dates: | | | | | | |
| Principal Repayment Details: | Date | Amount | Date | Amount | Date | Amount |
| | | | | | | |
| Investors: | | | | | | |
| Trustees: | | | | | | |

Restricted

In case there is an offer document for the captioned Debt programme, please send us a copy of it.

CRISIL Limited

Corporate Identity Number: L67120MH1987PLC042363

Registered Office: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400 076 | Phone: +91 22 3342 3000 | Fax: +91 22 3342 3050
www.crisil.com

Annexure – II

ICRA Rating Letter



ICRA

ICRA Limited

CONFIDENTIAL

Ref:ICRA:BLR:2015-2016/RT/935

Date: March 28, 2016

To,
Mr. M A K Prabhu
Chief General Manager
Canara Bank
Treasury & Investment Division,
Integrated Treasury Wing,
6th Floor, B-Wing, C-14, G-Block,
BKC, Bandra (East),
Mumbai-400 051

Dear Sir,

Re : ICRA Credit Rating for the Rs. 3,000 crore Basel III compliant Tier II bonds of Canara Bank

Please refer to your Rating Requisition dated March 22, 2016 and the subsequent Rating Agreement of March 22, 2016 for carrying out the rating of the aforesaid Bond Programme. The Rating Committee of ICRA, after due consideration, has assigned the "[ICRA]AAA(hyb)" (pronounced ICRA Triple A hybrid) rating with **Negative Outlook** to the captioned bond programme. Instruments with [ICRA]AAA are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The letters "hyb" in parenthesis suffixed to a rating symbol stand for "hybrid", indicating that the rated instrument is a hybrid subordinated instrument with equity-like loss-absorption features; such features may translate into higher levels of rating transition and loss-severity vis-à-vis conventional debt instruments.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as "[ICRA]AAA(hyb)" with **Negative Outlook**. We would appreciate if you can sign on the duplicate copy of this letter and send it to us within 7 days from the date of this letter as a token of your acceptance and use of the assigned rating. The rationale for assigning the above rating will be sent to you on receipt of your confirmation about the use of our rating, as above. Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and confirmed to use by you, it would be subject to our review and may result in change in the rating assigned.

ICRA reserves the right to suspend, withdraw or revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds to be issued by you. If the instrument rated, as above, is not issued by you within a period of 3 months from the date of this letter communicating the rating, the same would stand withdrawn unless revalidated before the expiry of 3 months.

Karumuthu Centre, 5th Floor
634, Anna Salai, Nandanam
Chennai - 600035

Tel : +91 - 44 - 45964300
Fax : +91 - 44 - 24343663
CIN : L74999DL1991PLC042749

website : www.icra.in
email : info@icraindia.com

Registered Office : 1105, Kailash Building, 11th Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel : +91-11-23357940-50 Fax : +91-11-23357014
Corporate Office : Building No. 8, Tower-A, 2nd Floor, DLF Cyber City, Phase II, Gurgaon - 122002 Tel +91-124-4545300 Fax : +91-124-4050424

R A T I N G - R E S E A R C H - I N F O R M A T I O N



ICRA

You are required to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing. You are also required to keep us forthwith informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s).

You are required to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority (ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

With kind regards,

Yours faithfully,
For ICRA Limited

(K. Ravichandran)
Senior Vice President & Co-Head, Corporate Ratings

(AM Karthik)
Assistant Vice President

Restricted

Annexure – III

India Rating & Research Letter

India Ratings
& Research

Fitch Group

Canara Bank,
6th Floor, C14, G Block,
Bandra Kurla Complex,
Bandra East,
Mumbai – 400051.

April 07, 2016

Kind Attention: Mr. M.A.K. Prabhu, CGM, Canara Bank

Dear Sir,

Re: Rating of Canara Bank's Basel 3 INR30bn Tier 2 Bonds 2016-17

India Ratings assigns 'IND AAA' to Canara Bank's Basel 3 INR30bn Tier 2 Bonds 2016-17. The outlook is stable.

India Ratings also communicates the following ratings:

- INR15bn Basel 3 compliant Additional Tier 1 bonds: 'IND AA'
- INR24bn Basel 3 compliant Tier 2 bonds 2015-16: 'IND AAA'/Stable

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action

India Ratings & Research Private Limited A Fitch Group Company

Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai 400 051

Tel: +91 22 4000 1700 | Fax: +91 22 4000 1701 | CIN/LLPIN: U67100MH1995FTC140049 | www.indiaratings.co.in





Fitch Group

commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings' ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating to investors.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at +91 22 4000 1700.

Sincerely,
India Ratings

Ananda Bhoomik
MD and Chief Analytical Officer

Sudarshan Shreeniwas
Director

Annexure - IV

Consent Letter from Debenture Trustee

Corporate Office: Apeejay House, 6th Floor,
3 Dinshaw Wachha Road, Churchgate, Mumbai - 400 020.
Tel : 022-4302 5555 Fax : 022-2204 0465
Email : helpdesk@sbicaptrustee.com



**SBICAP Trustee
Company Ltd.**

No. 0320/2015-2016/CL - 1532
Date: 28th March, 2016.

Canara Bank
T & I Division, Integrated Treasury Wing, 6th floor,
B-Wing, C-14, G-Block, BKC,
Bandra (East) Mumbai 400 051

Attn: Mr. D. Sreenivas – Sr. Manager

Proposed Private placement by Canara Bank (the "Company") of Basel II compliant Tier II bonds (the "Bonds") aggregating to Rs. 3,000 Crores (the "Issue").

We the undersigned, hereby give our consent to act as Debenture Trustee for the proposed captioned private placement of debentures and to include our name as Debenture Trustee in the Schedule I as per the Securities and Exchange Board of India guidelines.

We hereby authorise you to deliver this letter of consent to the stock exchange(s) or any other regulatory authority as may be required by law.

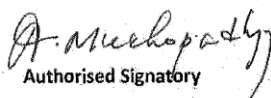
The following details with respect to us may be disclosed:

Name : SBICAP Trustee Company Limited
Address : Apeejay House, 6th floor
3, Dinshaw Wachha Road, Churchgate,
Mumbai 400 020.
Telephone No. : 022-43025555
Fax No. : 022- 22040465
E-mail : corporate@sbicaptrustee.com
Website : www.sbicaptrustee.com
Contact Person : Mr. Ajit Joshi (Company Secretary & Compliance Officer)
Tel No. 022- 43025503

SEBI Registration No.: IND000000536

We confirm that we are registered with SEBI and that such registration is valid for permanent.

Yours faithfully,


Authorised Signatory

Annexure – V

In Principle Listing Approval from NSE



Ref. No: NSE/LIST/68862

April 08, 2016

The Company Secretary
Canara Bank
112, J.C. Road,
Bengaluru-560 002

Kind Attn.: Mr. B. Nagesh Babu

Dear Sir,

Sub : In-principle approval for listing of 30,000 (Thirty Thousand) Unsecured, Non-Convertible, Redeemable Basel III Compliant Tier 2 Bonds for inclusion in Tier 2 Capital in the nature of debentures of face value of Rs. 10,00,000 (Rupees Ten Lakhs Only) each ("Bonds") at par aggregating up to Rs. 1,000 crores (Rupees One Thousand Crores Only) with an option to retain oversubscription, at the sole discretion of the bank, for an amount of up to Rs. 2,000 crores (Rupees Two Thousand Crores Only) issued by Canara Bank on a private placement basis.

This is with reference to your application for In-principle approval for listing on the Debt Market segment of the Exchange of upto 30,000 (Thirty Thousand) Unsecured, Non-Convertible, Redeemable Basel III Compliant Tier 2 Bonds for inclusion in Tier 2 capital in the nature of debentures of face value of Rs. 10,00,000 (Rupees Ten Lakhs Only) each ("Bonds") at par aggregating up to Rs. 1,000 crores (Rupees One Thousand Crores Only) with an option to retain oversubscription, at the sole discretion of the bank, for an amount of up to Rs. 2,000 crores (Rupees Two Thousand Crores Only) issued by Canara Bank on a private placement basis. In this regard, the Exchange is pleased to grant in-principle approval for the said issue.

Kindly note that these debt instruments may be listed on the Exchange after the allotment process has been completed provided the securities of the issuer are eligible for listing on the Exchange as per our listing criteria and the issuer fulfills the listing requirements of the Exchange. The issuer is responsible to ensure compliance with all the applicable guidelines issued by appropriate authorities from time to time including SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

Yours faithfully,
For National Stock Exchange of India Limited

Kamlesh Patel
Manager

Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400051, India. • Tel: +91 22 26598237/38, 26598346 • Fax: +91 22 26598237/38
E-mail : cmli@nse.co.in • Web site: www.nseindia.com



Signer : Patei Kamlesh Naginbhai
Date: Fri, Apr 8, 2016 16:28:40 GMT+05:30
Location: NSE

Annexure – VI

Consent Letter from Registrar & Transfer Agent



CANBANK COMPUTER SERVICES LIMITED

(A Subsidiary of CANARA BANK)

R&T Center, # 218, JP ROYALE, 1st Floor, Sampige Road, (Near 14th Cross), 2nd Main, Malleswaram, Bangalore-560003

Ph : 91-80-23469661/62 & 23469664/65 • Fax : 91-80-23469667 • E-mail: canbankrta@ccsl.co.in • www.canbankrta.com

CIN : U85110KA1994PLC016174

REF : CCSL/RnT/CB /TIER II – BONDS / KR/1876 / 2015 – 16

Date : 28th March, 2016

Canara Bank
Treasury & Investment Wing
6th Floor, B- Wing,
C- 14, G Block,
BKC, Bandra (East)
Mumbai – 400 051.

BY COURIER.

Kind attn : Mr. Sandeep Rao
Asst General Manager

Dear Sir,

Restricted

**Sub : Private Placement BASEL – III Tier – II Bonds for Rs . 3000
Crores Issue**

We refer to your letter No : T&ID: ITW:MUM: 177 :2015-16 dated 22.03.2016.

We are happy to accept the proposal and give our consent to act as Registrars & Transfer Agents to the subject Issue , as per the Existing Terms and Conditions.

Thanking you and assuring our best attention and services always.

Yours faithfully,

P. RADHAKRISHNAN NAIR
Executive Vice President

Annexure – VII

Illustration of Cash Flow

| | |
|--|--|
| Name of Issuer | Canara Bank (the “Issuer”/ the “Bank”) |
| Face Value of the Bonds (in Rs) | Rs. 10,00,000/- per Bond (Rs. Ten Lakh only) |
| Deemed Date of Allotment | April 27, 2016 |
| Redemption/Maturity Date | April 27, 2026 |
| Coupon/Interest Rate | 8.40% |
| Frequency of Coupon/Interest Payment with specified dates | First coupon payment shall be made on 27.04.2017 (comprising of interest / coupon from and including the deemed date of allotment upto but excluding the first coupon payment date) and annually thereafter until the Redemption Date. |
| Day Count Convention | Actual/Actual |

| Cash Flows (face value of Rs. 10 lakhs per Bonds) | Payment Date | Actual number of days in Coupon Period | Amount (in Rs.) |
|--|---------------------------|---|----------------------------|
| 1 st Coupon | Thursday, April 27, 2017 | 365 | 84000 |
| 2 nd Coupon | Friday, April 27, 2018 | 365 | 84000 |
| 3 rd Coupon | Monday, April 29, 2019 | 367 | 84460 |
| 4 th Coupon | Monday, April 27, 2020 | 364 | 83541 |
| 5 th Coupon | Tuesday, April 27, 2021 | 365 | 84000 |
| 6 th Coupon | Wednesday, April 27, 2022 | 365 | 84000 |
| 7 th Coupon | Thursday, April 27, 2023 | 365 | 84000 |
| 8 th Coupon | Monday, April 29, 2024 | 368 | 84459 |
| 9 th Coupon | Monday, April 28, 2025 | 364 | 83770 |
| 10 th Coupon | Monday, April 27, 2026 | 364 | 83770 |
| Principal | Monday, April 27, 2026 | Not Applicable | 1000000 |

Notes:

1. If the date of interest payment falls on a Sunday or a public holiday in Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Business Day will be considered as the effective date;
2. In case the maturity date falls on a Sunday or a public holiday, the preceding Business Day will be considered as the effective date for payment of redemption proceeds and accrued interest;
3. In case of interest payment falling in Leap year, the interest payment(s) will be calculated taking number of days as 366 days. (Actual/ Actual - as per SEBI Circular no CIR/IMD/DF/18/2013 dated 29th Oct 2013);

4. If the date of payment of interest happens to be holiday, the Interest payment will be made on the next working day with Interest for the intervening period;
5. If the Principal Repayment and interest payment date falls together on a holiday, Principal Repayment and accrued interest payment will be made on the previous working day;
6. Interest payments will be rounded-off to nearest rupee as per the FIMMDA 'Handbook on market practices';
7. In case the Deemed Date of Allotment is revised (preponed/ postponed) then the Interest Payment Dates may also be revised preponed/ postponed) accordingly by the Bank at its sole & absolute discretion.

Assumptions:

1. We have not considered the effect of public holidays as it is difficult to ascertain for future dates;
2. The Deemed Date of Allotment is assumed to be April 27, 2016.

Annexure – VIII

Application Form

(appended separately after 'Instructions for Filling Application Form')

INSTRUCTIONS FOR FILLING APPLICATION FORM

1. Application forms must be completed in full in BLOCK LETTERS IN ENGLISH. A blank space must be left between two or more parts of the name.

| | | | | | | | | | |
|---|---|---|---|---|---|--|---|---|---|
| A | B | C | D | E | F | | L | T | D |
|---|---|---|---|---|---|--|---|---|---|

Signature should be made in English or in any of the Indian languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate / Notary Public under his / her official seal.

2. Application forms duly completed in all respects must be submitted with the Bank.
3. The remittance of application money should be made by electronic transfer of funds through RTGS Mechanism for credits as per details given hereunder:

| | |
|-----------------------------|---|
| Name of the Banker | Canara Bank |
| Account Name | Canara Bank A/c- Tier II Bonds 2016-17 |
| Credit into Current A/c No. | 2426201100296 |
| IFSC Code | CNRB0002426 |
| Address of the Branch | 115, 11th Floor, Atlanta Building, Nariman Point, Mumbai 400021 |
| Narration | Application Money for the Bond Issue |

4. Cheques, Demand Draft, Cash, Money Orders, Postal Orders shall not be accepted.
5. As a matter of precaution against possible fraudulent encashment of interest warrants due to loss / misplacement, applicants are requested to mention the full particulars to their bank account, as specified in the Application Form. Interest warrants will then be made out in favour of the bank for credit to the applicants account. In case the full particulars are not given, cheques will be issued in the name of the applicant at his/ her risk.
6. Receipt of applications shall be acknowledged by the Bank in the "Acknowledgment Slip", appearing below the Application Form. No separate receipt will be issued.
7. All applicants should mention their Permanent Account Number (PAN) or the GIR number allotted under Income-Tax Act, 1961 and the Income-Tax Circle/Ward/District and enclose a copy of the same.
8. The application would be accepted as per the terms outlined in the Disclosure Document dated April 13, 2016.
9. Documents to be provided by applicants: Applicants need to submit the following documentation, along with the application form, as applicable:
 - Memorandum and Article of Association / Constitutional Documents / Bye-laws / Trust Deed;
 - Board Resolution authorizing the investment and containing operating instructions;
 - Power of Attorney / relevant resolution / authority to make application;
 - Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority;
 - Government Notification (in case of Primary Co-operative Bank and RRBs);
 - Copy of Permanent Account Number Card ("PAN Card") issued by the Income Tax Department; Copy of a cancelled cheque for ECS payments;
 - Necessary forms for claiming exemption from deduction of tax at source on interest on application money, wherever applicable.

Addressed to: Canara Bank

(A Government of India Undertaking)

T & I Division, Integrated Treasury Wing, Canara Bank Building, 6th Floor, C-14, G-Block, Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051.

Tel No: (022) 26725061 / 26725062; Fax No: (022) 26725250

E-mail: ttdmum@canarabank.com : Website: www.canarabank.com

Application Form Serial No : _____
Date of Receipt of Application _____
((For Office Use Only))

| | | | | | |
|---|--|--|--|--|--|
| <div style="text-align: right;"> 000 000 000 000 000 000 000 </div> | | | | | |
| | | | | | |

APPLICATION FORM FOR UNSECURED, NON-CONVERTIBLE, REDEEMABLE, BASEL III COMPLIANT TIER II BONDS 2016-17 IN THE NATURE OF DEBENTURES OF RS. 10.00.000 (RUPEES TEN LAC) EACH

To,
CANARA BANK

Dear Sir,

Having read, understood and agreed to the contents and terms and conditions of CANARA BANK's Disclosure Document dated 13.04.2016, I/we hereby apply for allotment to us, of the **unsecured, non-convertible, redeemable, Basel III compliant Tier II bonds 2016-17 in the nature of debentures of Rs. 10,00,000 (Rupees Ten Lac) each** (hereinafter referred to as "**Bonds**"), out of the Private Placement Issue. I/We irrevocably give my/ our authority and consent to SBICAP Trustee Company Limited to act as my/our Trustees and for doing such acts and signing such documents as are necessary to carry out their duties in such capacity. The amount payable on application as shown below is remitted herewith. On allotment please place our name on the register of bondholders. I/We bind ourselves to the terms and conditions as contained in the disclosure document for private placement. I/We note that the Bank is entitled in its absolute discretion to accept or reject this application in whole or in part without assigning any reason whatsoever.

(PLEASE READ CAREFULLY THE INSTRUCTION ON THE NEXT PAGE BEFORE FILLING UP THE FORM)

I/we confirm that I/we have not received and shall not receive any commission or brokerage or any other incentive in any form, directly or indirectly, for subscribing to the Issue.

Investment Details

| | |
|--|---|
| Face Value/ Issue Price | Rs. 10,00,000/- (Rupees Ten Lacs Only) per Bond |
| Minimum Application | 5 Bonds and in multiples if 1 thereafter |
| Tenure | 10 years from the deemed date of allotment |
| Coupon Rate | 8.40% |
| Interest Payment | Annual |
| Amount payable per Bond (i) | 10, 00, 000/- |
| No. of Bonds Applied For (ii) | |
| Total Amount Payable (Rs.) (in fig) (i) x (ii) | |
| Total Amount Payable (Rs in words) | |

DP Details

| | |
|--------------------------------------|--------------------|
| Depository Name (Please tick) | NSDL / CDSL |
| Depository Participant Name | |
| DP ID | |
| Client ID | |
| Beneficiary Account Number | |

Applicant category (Tick whichever is applicable)

| | |
|--|--|
| Scheduled commercial Bank | Mutual fund |
| Financial Institution | Company/ Body corporate |
| Insurance company | Provident/Gratuity/Superannuation/ Pension Fund |
| Primary/State/district/central Cooperative bank | Others (Please Specify) |
| Regional Rural Bank | |

APPLICANT'S DETAILS (To be filled in BLOCK LETTERS)

Sole/First Applicant's Name in Full

[illegible]

Signature/Authorized signatory

Second Applicant's Name[illegible]

Third Applicant's Name

[illegible]

Full Address (Do not repeat name)

[illegible]

| | | | | | | | |
|---------|--|--------------|--|--------|--|-----------|--|
| Pincode | | Telephone No | | Fax No | | E mail id | |
|---------|--|--------------|--|--------|--|-----------|--|

| Applicant's Income Tax Details & Bank Details | | | | Payment Details | |
|---|-------------|-------------|-------------|-----------------------|--|
| | Applicant 1 | Applicant 2 | Applicant 3 | RTGS dated | |
| PAN / GIR NO (Enclose Copy) | | | | UTR Number | |
| I.T Circle/Ward/District no | | | | Name of the Bank | |
| Bank Name, Branch, City & IFSC CODE | | | | Branch Name & Address | |
| Type of account (SB/CA/OD) | | | | | |
| Bank Account Number | | | | | |

| Tax Deduction Status (Please Tick) | | Applicant signature (To be filled in only if applicant is institution) | | |
|--|--------------------|--|-------------|-----------|
| Fully exempt (Please furnish exemption certificate) | Tax to be deducted | Name of the authorized signatory(ies) | Designation | Signature |
| | | | | |
| | | | | |

Date:-- / -- / 2016

-----~~(Tear here)~~-----
Acknowledgment Slip

Application Form Serial No.: []

CANARA BANK

T & I Division, Integrated Treasury Wing, Canara Bank Building, 6th Floor, C-14, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 | Tel No: (022) 26725061 / 26725062; Fax No: (022) 26725250

Email ID: ttdmum@canarabank.com; Website: www.canarabank.com

(To be filled in by the Applicant)

Received from

Received from _____
Address _____ and _____

application for Bonds vide UTR No. Restricted

application for _____ Bonds vide STR No. _____ **Restituted**
 Drawn on _____

Drawn On _____
Dated _____ amounting to Rs _____

All future communication in connection with this application should be addressed to the Registrars: M/s. Canbank Computer Services Ltd [Address: R & T Center, #218, JP Royale, 1st Floor, 2nd Main, Sampige Road, (near 14th Cross), Malleswaram, Bengaluru – 560 003; Tel: (080) 2349661/62 / 2349664/65; Fax: (080) 23496967; E-mail: canbankrta@ccsl.co.in quoting full name of Sole/ First Applicant, Application No., Number of Bonds applied for, Date, Bank and Branch where the application was submitted.