



A Government of India Undertaking

Constituted under the Banking Companies (Acquisition and Transfer of Undertakings Act, 1970)

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PLACEMENT MEMORANDUM | Date: 21.10.2021

PRIVATE PLACEMENT BY CANARA BANK ("ISSUER" OR "BANK") OF UPTO 1500 BONDS OF FACE VALUE Rs. 1 CRORE EACH AND COUPON OF [8.40%] PAYABLE ANNUALLY IN THE NATURE OF NON CONVERTIBLE, TAXABLE, PERPETUAL, SUBORDINATED, FULLY PAID UP, UNSECURED BASEL III COMPLIANT ADDITIONAL TIER 1 BONDS (IN THE NATURE OF DEBENTURES) (HEREINAFTER REFERRED TO AS THE "SERIES I BOND") FOR INCLUSION IN ADDITIONAL TIER 1 CAPITAL OF THE BANK, ("BONDS") AT PAR AGGREGATING TO TOTAL ISSUE SIZE NOT EXCEEDING RS 1500 CRORE ("OFFER"). THE OFFER COMPRISES A BASE ISSUE OF 500 BONDS AGGREGATING TO RS 500 CRORE WITH A GREEN SHOE OPTION TO RETAIN OVERSUBSCRIPTION UP TO 1000 BONDS AGGREGATING TO RS 1500 CRORES.

BACKGROUND

This placement memorandum is neither a prospectus nor a statement in lieu of prospectus. This placement memorandum is prepared in conformity with the securities and exchange board of India (issue and listing of non-convertible securities) regulations, 2021 ("SEBI NCS regulations, 2021") issued vide circular no. SEBI/LAD-NRO/GN/2021/39 dated August 9,2021 read with SEBI circular No SEBI/HO/DDHS/P/CIR/2021/613 Dated August 10, 2021 as modified/amended/supplemented from time to time.

This placement memorandum 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 through a resolution passed by the board of directors of the issuer on may 28, 2021.

GENERAL RISK

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 Coupon Discretion, write-down at Pre-specified Trigger level or write-off at the Bank's PONV, as determined by RBI), which may impact the payment of interest and principal.

CREDIT RATING

The Bonds proposed to be issued by the Bank have been assigned a rating of "CRISIL AA+/Stable" by CRISIL Limited vide its letter dated September 29, 2021 and "IND AA/Stable" by India Ratings & Research vide its letter dated October 14, 2021.

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. Please refer to the annexures with this placement memorandum for rating letters for the above ratings.

LISTING

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

COMPLIANCE CLAUSE OF EBP

This offer is made on the Electronic Book Building Mechanism of NSE in compliance with SEBI Debt regulations and circulars issued by NSE. A draft of this Placement Memorandum has been uploaded on the EBP of NSE on 19.10.2021

ELIGIBLE INVESTORS

The offer is made to only those eligible investors who are categorized as "Qualified Institutional Buyers" as per SEBI Debt Regulation. For details please refer Summary Term Sheet. The current issue is not being underwritten. Neither the issuer nor any of its directors is willful defaulter. For further details please refer this Placement Memorandum.

ARRANGER TO THE ISSUE	DEBENTURE TRUSTEE	REGISTRAR TO THE ISSUE	CREDIT RATING AGENCY	CREDIT RATING AGENCY
 Axis Bank Ltd Axis House, Wadia International Center, PB Marg, Worli, Mumbai 400025 Tel: 022-24252880 Bonds.Origination@axisbank.com www.axisbank.com	 SBICAP Trustee Company Ltd 4 th Floor, Mistry bhavan, 122 Dinshaw Vachha Road Churchgate,Mumbai - 400 020, Tel No: 022-43025555 ,43025503 Fax : 022-22040465 Email: corporate@sbicaptrustee.com Investor.cell@sbicaptrustee.com	 Canbank Computer Services Limited R & T Centre, 218, J.P. Royale, 1 st Floor , 2 nd Main, Sampige Road Malleswaram ,Bengaluru - 560 003 Tel. No: 080 2346 9661; E mail canbankrta@ccsl.co.in	 An S&P Global Company CRISIL Limited CRISIL House, Central Avenue, Hiranandani Business Park, Powai , Mumbai -400076 Tel No: 022 33423000 Fax No: 022 40405800 Email: crisilratingdesk@crisil.com Website: www.crisil.com	 India Ratings & Research Private Limited Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai 400051 Tel No. 022 40001700 Fax No.022 40001701

ISSUE SCHEDULE

Bid Open/Bid Close on	Issue Open /Issue Close On	Deemed Date of Allotment	Pay In Date
21-10-2021	21-10-2021	25-10-2021	25-10-2021

The issue of bonds shall be subject to the applicable provisions of SEBI Debt Regulations, SEBI LODR Regulations and other SEBI Guidelines, the terms and conditions of this Placement Memorandum filed with the Designated Stock Exchange, the Application Form, the Debenture Trust Deed and other Transaction Documents in relation to such Issue. Capitalized terms used here have the meaning ascribed to them in this Placement Memorandum.

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/Pay in date of the above issue without giving any reasons or prior notice.

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Placement Memorandum
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ISSUER'S ABSOLUTE RESPONSIBILITY

The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this placement memorandum 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 the placement memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading

DISCLAIMERS

General disclaimer

This placement memorandum is neither a prospectus nor a statement in lieu of a prospectus and should not be construed to be a prospectus or a statement in lieu of prospectus under the Companies Act, 2013. This placement memorandum is prepared in conformity with the securities and exchange board of India (issue and listing of non-convertible securities) regulations, 2021 ("SEBI NCS REGULATIONS, 2021") as amended and the Basel iii regulations.

The SEBI NCS REGULATIONS were notified pursuant to merger and repeal of the erstwhile Securities And Exchange Board of India (Issue And Listing Of Debt Securities) regulations, 2008 ("erstwhile SEBI ILDS REGULATIONS") and erstwhile securities and exchange board of India (issue and listing of non-convertible redeemable preference shares) regulations, 2013 ("erstwhile SEBI NCRPS regulations").

It is to be noted that pursuant to the notification of the SEBI NCS REGULATIONS, the SEBI has issued a single operational circular - "operational circular for issue and listing of non-convertible securities, securitised debt instruments, security receipts, municipal debt securities and commercial paper" bearing ref SEBI/HO/DDHS/P/CIR/2021/613 dated august 10, 2021 ("SEBI NCS OPERATIONAL circular"), which supersedes all circulars issued previously under the erstwhile SEBI ILDS REGULATIONS and erstwhile SEBI NCRPS REGULATIONS.

Restricted

The issue is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This placement memorandum does not constitute and shall not be deemed to constitute an offer or an invitation to subscribe to the bonds to the public in general. This placement memorandum is not intended to be circulated to more than 200 (two hundred) investors eligible under the laws of India to invest in these bonds ("ELIGIBLE INVESTORS"). It is the responsibility of investors to ensure that they will sell these bonds in strict accordance with this placement memorandum and other applicable laws so that the sale does not constitute an offer to the public. Apart from this placement memorandum no other offer document or prospectus has been prepared in connection with this issue nor is such a prospectus required to be registered under the applicable laws.

Under the applicable provisions of the SEBI NCS REGULATIONS, it is not necessary for a copy of this placement memorandum to be filed or submitted to SEBI for its review and/or approval accordingly, this placement memorandum has neither been delivered for registration nor is it intended to be registered with SEBI.

The bond issue will be under the electronic book mechanism as required in terms of regulation 12 of the SEBI NCS REGULATIONS and chapter VI of the SEBI NCS OPERATIONAL circular read with "Operational Guidelines For NSE Electronic Bidding Platform" issued by NSE vide their circular Ref No.10/2021(download ref no. NSE/DS/493270) dated August 17, 2021 ("NSE EBP OPERATING GUIDELINES") and any amendments thereto. (the SEBI NCS OPERATIONAL circular and the NSE EBP operating guidelines shall hereinafter be collectively referred to as the "operational guidelines").

This placement memorandum and the contents hereof are restricted only for the intended recipient(s) who have been addressed directly and specifically through a communication by the issuer and only such recipients are eligible to apply for the bonds. All investors are required to comply with the relevant regulations / guidelines applicable to them for investing in this issue. The contents of this placement memorandum are intended to be used only by those investors to whom it is issued. It is not intended for distribution to any other person and should not be reproduced by the recipient.

Each copy of this placement memorandum is serially numbered and the person to whom a copy of the placement memorandum is sent is alone entitled to apply for the bonds. No invitation is being made to any persons other than

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Placement Memorandum

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those to whom application forms along with this placement memorandum have been sent. Any application by a person to whom the placement memorandum has not been sent by the issuer shall be rejected without assigning any reason.

The person who is in receipt of this placement memorandum shall maintain utmost confidentiality regarding the contents of this placement memorandum and shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding the contents hereof without the consent of the issuer. The recipient agrees to keep confidential all information provided (or made available hereafter), including, without limitation, the existence and terms of the issue, any specific pricing information related to the issue or the amount or terms of any fees payable in connection with the issue. This placement memorandum may not be photocopied, reproduced, or distributed to others at any time without the prior written consent of the issuer. Upon request, the recipients shall promptly return all material received from the issuer and/or any of its affiliates (including this placement memorandum) without retaining any copies hereof. If any recipient of this placement memorandum decides not to participate in the issue, that recipient must promptly return this placement memorandum and all reproductions whether in whole or in part and any other information statement, notice, opinion, memorandum, expression or forecast made or supplied at any time in relation thereto or received in connection with the issue, to the issuer.

Disclaimer in respect of jurisdiction

This issue is being made in India to the eligible investors, who shall be specifically approached by the issuer. The distribution of the placement memorandum or the application forms and the offer, sale, pledge or disposal of the bonds may be restricted or prohibited by law in certain jurisdictions. Recipients are required to observe such restrictions and this placement memorandum does not constitute an offer to sell or an invitation to subscribe to bonds offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this issue will be subject to the exclusive jurisdiction of the courts of Bengaluru, Karnataka. This placement memorandum does not constitute an offer to sell or an invitation to subscribe to the bonds herein, in any other jurisdiction and to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. The sale or transfer of these bonds outside India may require regulatory approvals in India, including without limitation, the approval of the RBI.

Disclaimer of the issuer

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This placement memorandum has been prepared by the issuer solely to provide general information about the issuer and setting out the key terms upon which the bonds are being issued, to eligible investors to whom it is addressed and who are willing and eligible to subscribe to the bonds. This placement memorandum does not purport to contain all the information that any eligible investor may require. Further, this placement memorandum has been prepared for information purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

This placement memorandum is not intended to form the basis of evaluation for the prospective subscribers to whom it is addressed and who are willing and eligible to subscribe to the bonds issued by the issuer. This placement memorandum has been prepared to give general information regarding the bonds, to parties proposing to invest in this issue of bonds and it does not purport to contain all the information that any such party may require. The issuer believes that the information contained in this placement memorandum is true and correct as of the date hereof.

The issuer does not undertake to update the placement memorandum to reflect subsequent events after the date of the placement memorandum and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the issuer. The issuer accepts no responsibility for statements made in any advertisement or any other material and anyone placing reliance on any other source of information would be doing so at his own risk and responsibility. Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in bonds. It is the responsibility of the prospective subscriber to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the bonds. It is the responsibility of the prospective subscriber to verify if they have necessary power and competence to apply for the bonds under the relevant laws and regulations in force.

Neither the delivery of this placement memorandum nor any issue of bonds made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the issuer since the date hereof.

Disclaimer of SEBI

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Placement Memorandum

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This placement memorandum has not been filed with or submitted to SEBI. The bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this placement memorandum. It is to be distinctly understood that this placement memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any proposal for which the bonds issued hereof is proposed to be made or for the correctness of the statements made or opinions expressed in this placement memorandum. The issue of bonds being made pursuant to the SEBI NCS REGULATIONS 2021, filing of this document with SEBI is not required. However SEBI reserves the right to take up at any point of time, with the issuer, any irregularities or lapses in this placement memorandum.

Disclaimer of the trustee

I) The trustee does not undertake to review the financial condition or affairs of the issuer during the life of the arrangements contemplated by this placement memorandum and does not have any responsibility to advise any investor or prospective investor in the bonds of any information available with or subsequently coming to the attention of the trustee, its agents or advisors except as specifically provided for in the bond trust deed.

II) The trustee has not separately verified the information contained in this placement memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the trustee as to the accuracy or any other information provided by the issuer. Accordingly, the trustee associated with the issue shall have no liability in relation to the information contained in this placement memorandum or any other information provided by the issuer in connection with the issue.

III) The trustee is neither a principal debtor nor a guarantor of the bonds.

Disclaimer of the stock exchange

A copy of this placement memorandum has been submitted to the national stock exchange of India Ltd, (herein after referred to as ("NSE"/"stock exchange")) for seeking in-principle approval for listing of the bonds. It is to be distinctly understood that such submission of the placement memorandum with NSE or hosting the same on its website should not in any way be deemed or construed that the placement memorandum has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this placement memorandum; nor does it warrant that this issuer's securities will be listed or continue to be listed on the exchange; nor does it take responsibility for the financial or other soundness of this issuer, its promoters, its management or any scheme or project of the issuer. Every person who desires to apply for or otherwise acquire any securities of this issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer of the Reserve Bank Of India

The bonds have not been recommended or approved by the RBI nor does RBI guarantee the accuracy or adequacy of this placement memorandum. It is to be distinctly understood that this placement memorandum should not, in any way, be deemed or construed that the bonds have been recommended for investment by the RBI. RBI does not take any responsibility either for the financial soundness of the issuer, or the bonds being issued by the issuer or for the correctness of the statements made or opinions expressed in this placement memorandum. The potential investors may make investment decision in respect of the bonds offered in terms of this placement memorandum solely on the basis of their own analysis and RBI does not accept any responsibility about servicing/repayment of such investment.

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FORWARD LOOKING STATEMENTS

The Bank has included statements in this Placement Memorandum which contain words or phrases such as “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue”, “our judgment” and similar expressions or variations of such expressions, that are “forward-looking statements”. Actual results may differ materially from those suggested by the forward looking statements due to certain risks or uncertainties associated with the Bank’s expectations with respect to, but not limited to, the actual growth in demand for banking and other financial products and services, its ability to successfully implement its strategy, including its use of the Internet and other technology and its rural expansion, its ability to integrate future mergers or acquisitions into its operations, its ability to manage the increased complexity of the risks the Bank faces following its rapid international growth, future levels of impaired loans, its growth and expansion in domestic and overseas markets, the adequacy of its allowance for credit and investment losses, technological changes, investment income, its ability to market new products, cash flow projections, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions the Bank is or will become a party to, the future impact or new accounting standards, its ability to implement its dividend policy, the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions on the Bank, including on the assets and liabilities of Bank, a former financial institution not subject to Indian Banking regulations, its ability to roll over its short term funding sources and its exposure to credit, market and liquidity risks. By their nature certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated.

In addition, other factors that could cause actual results to differ materially from those estimated by the forward looking statements contained in this Placement Memorandum include, but are not limited to, the monetary and interest rate policies of India and the other markets in which the Bank operates, natural calamities, general economic, financial or political conditions, instability or uncertainty in India, southeast Asia or any other country, caused by any factor including terrorist attacks in India or elsewhere, military armament or social unrest in any part of India, inflation, deflation, unanticipated turbulence in interest rates, changes or volatility in the value of the rupee, instability in the subprime credit market and liquidity levels in the foreign exchange rates, equity prices or other market rates or prices, the performance of the financial markets in general, changes in domestic and foreign laws, regulations and taxes, changes in the competitive and pricing environment in India, and general or regional changes in asset valuations.

Particulars	Date
Issue Open Date	21-10-2021
Issue Closing Date	21-10-2021
Pay In Date	25-10-2021
Deemed Date of Allotment	25-10-2021

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I. DEFINITIONS AND ABBREVIATIONS

Allotment/Allot/ Allotted	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 Placement Memorandum 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.
Tier I Instrument	The Capital Instruments issued by the Bank forming part of its Additional Tier I Capital (as stipulated in the Basel III Regulations).
Basel III Regulations or RBI Guidelines	The term Basel III Regulations or RBI Guidelines in the Placement Memorandum, 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 and clarification issued by RBI vide Master Circular RBI/2015-16/285 DBR. No. DP.BC.71/21.06.201/2015-16 dated January 14, 2016, RBI Circular no.DBR.No.BP.BC.83/21.06.201/2015-16 dated March 01, 2016 and RBI Circular RBI/2016-17/222 DBR.BP.BC.No.50/21.06.201/2016-17 Dated February 02, 2017, as amended from time to time (BASEL III Guidelines).
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 (1) 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, Subordinated, Perpetual, Non-convertible, Fully Paid up, Taxable, Basel III compliant Additional Tier I Bonds - Series I capital of the Bank, in the nature of debentures of face value of Rs 1,00,00,000 (Rupees One Crore only) each to be issued at par aggregating up to Rs.1500,00,00,000 (Rupees One thousand Five Hundred Crores only) with a base issue size of Rs.500,00,00,000 (Rupees Five Hundred Crores only) and a green shoe option to retain oversubscription up to Rs.1000,00,00,000 (Rupees One Thousand Crores only) by the Issuer through private placement route under the terms of this Placement Memorandum.
CAR	Capital Adequacy Ratio.
CAGR	Compounded Annual Growth Rate
CBSL	Canara Bank Securities Limited
CCSL	Canbank Computer Services Limited.
CDSL	Central Depository Services (India) Limited.
CFL	Canbank Factors Limited.
CFHL	Can Fin Homes Limited.
CIBL	Commercial Indo Bank LLC.
CRAMC	Canara Robeco Asset Management Company Limited.
CRAR	Capital to Risk weighted Assets Ratio.
CSR	Corporate Social Responsibility.

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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.
Placement Memorandum or Information Memorandum	Placement Memorandum dated 21-10-2021 in relation to the private placement of unsecured, subordinated, non-convertible, Perpetual, Fully Paid up, Taxable, Basel III compliant Additional Tier I Bonds-Series I, in the nature of debentures of face value Rs.1,00,00,000 each at par aggregating up to Rs.1500,00,00,000 (Rupees One thousand Five Hundred Crores only) with a base issue size of Rs.500,00,00,000 (Rupees Five Hundred Crores only) and a green shoe option to retain oversubscription up to Rs.1000,00,00,000 (Rupees One Thousand Crores only) by the Issuer through private placement route under the terms of this Placement Memorandum.
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.
IPO	Initial Public Offering.
Issue	Private placement of Unsecured, Subordinated, non-convertible, Perpetual, Fully Paid up, Taxable, Basel III compliant Additional Tier I Capital-Series I of the Bank, in the nature of debentures of face value Rs.1,00,00,000 each at par aggregating up to Rs.1500,00,00,000 (Rupees One Thousand Five Hundred Crores only) with a base issue size of Rs.500,00,00,000 (Rupees Five Hundred Crores only) and a green shoe option to retain oversubscription up to Rs.1000,00,00,000 (Rupees One Thousand Crores only) by the Issuer through private placement route under the terms of this Placement Memorandum.
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.

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IT Act	The Income Tax Act, 1961, as amended from time to time.
Listing Agreement	Listing Agreement entered into/to be entered into by the Issuer with the NSE, in relation to the listing of the Bonds, as per the format issued by Securities and Exchange Board of India in its circular dated October 13, 2015 (bearing reference CIR/CFD/CMD/6/2015) read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations (Listing Regulations), as amended from time to time.
MD & CEO	Managing Director and Chief Executive Officer of the Issuer.
MSME	Micro Small and Medium Enterprises
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 Bonds are issued subject to Basel III Guidelines on PONV as amended from time to time (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent), and at the option of the RBI, can be permanently written-off upon the occurrence of the trigger event, called “Point of Non-Viability Trigger” (“PONV Trigger”).</p> <p style="text-align: center;">Restricted</p> <p>The PONV Trigger event is the earlier of:</p> <ol style="list-style-type: none"> decision that a full and permanent write-off without which the Bank would become non-viable, is necessary, as determined by the Reserve Bank of India; and the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the relevant authority. <p>The amount of non-equity capital to be written-off will be determined by RBI.</p> <p>The write-off of any Common Equity Tier 1 capital shall not be required before the write-off of any Non-equity (Additional Tier 1 and Tier 2) regulatory capital instrument. The order of write-off of the Bonds shall be as specified in the order of seniority as per this Placement Memorandum and any other regulatory norms as may be stipulated by the RBI from time to time.</p> <p>Such a decision would invariably imply that the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. The Bondholders shall not have any residual claims on the Bank (including any claims which are senior to ordinary shares of the Bank), following any trigger event.</p> <p>In any case it should be noted that following writing-off of the Bonds and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated. Unless otherwise specified in this Placement Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/amendment thereof), whether senior or</p>



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	<p>paripassu or subordinate, and whether an Additional Tier 1 capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders.</p> <p>For these purposes, the Bank may be considered as 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 RBI 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 write-off / conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the RBI.</p> <p>The Bank facing financial difficulties and approaching a PONV will 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 augmentation of equity capital through write off of Bonds/ public sector injection of funds are likely to:</p> <ol style="list-style-type: none"> Restore depositors'/investors' confidence; Improve rating /creditworthiness of the Bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and Augment the resource base to fund balance sheet growth in the case of fresh injection of funds. <p>The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level will 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
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 NCS Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 issued vide notification no. SEBI/LAD-NRO/GN/2021/39 dated August 09, 2021.
SEBI NCS Operational Circular	Operational Circular for Issue and Listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities And Commercial Paper issued vide circular bearing ref. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021
TDS	Tax Deducted at Source.
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

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ISSUER INFORMATION:

A. Name and Address of the Issuer

Name of the Issuer	Canara Bank
Head Office	No. 112, J C Road, Bengaluru - 560002 Tel No.: 080 2210 0250, Fax No.: 080 2224 8831 Website: www.canarabank.com <u>Treasury & Investments Division</u> Integrated Treasury Wing, Canara Bank Building, 6th Floor, Plot No. C-14, G Block, BandraKurla Complex, Bandra (E), Mumbai - 400 051. Tel No.: 022 2672 5038, Fax No.: 022 2672 5250 E-mail: tidmum@canarabank.com
Compliance Officer for the Issue	Shri Vinay Mohta Company Secretary, Secretarial Department, Head Office, 112, J.C. Road, Bengaluru - 560 002 Phone : 080- 2210 0250 Fax 080- 2224 8831 E.Mail: hosecretarial@canarabank.com
Chief Financial Officer of the Issuer	Shri S K Majumdar Restricted General Manager & Chief Financial Officer Canara Bank Head Office, Bengaluru - 560 002 Tel: 080- 22130274 E Mail: fmwing@canarabank.com
Trustees to the Bondholders	 Mr Ardhendu Mukhopadhyay SBICAP Trustee Company Ltd 4 th Floor, Mistry bhavan, 122, Dinshaw Vachha Road Churchgate, Mumbai - 400 020, Tel No: 022-43025555 ,43025503 Fax : 022-22040465 Email: corporate@sbicaptrustee.com
Registrar to the Issue	 Mr K RAVI (Senior Manager- RTA) 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) 23469661,62 & 23469664/65 Fax:(080) 23469667 E mail: canbankrta@ccsl.co.in

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Credit Rating Agencies	CRISIL An S&P Global Company Ms Malvika Bhotika CRISIL Limited CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai -400076 Tel No: 022 33423000 Fax No: 022 40405800	India Ratings & Research A Fitch Group Company Mr Prakash Agarwal India Rating & Research Private Limited Wockhardt Tower, Level 4, West Wing, BandraKurla Complex, Bandra (E), Mumbai 400051 Tel No. 022 40001700 Fax No.022 40001701
Legal Counsel for the present issue of AT 1 Bonds	ALMT Legal 2 Lavelle Road Bengaluru - 560 001Contact No.080- 4016 0007	
Auditor for the Issue	M/s Rao & Emmar Address: Ramanashree Arcade, No. 204 & 205, 2 nd Floor, M.G. Road, Near Trinity Circle, Bangalore-1 Email: Praveen@raoemmar.com	

Name and Address of the Arrangers:

Name of the Arranger	AXIS BANK LTD
Contact Person	Mr Vikas Shinde <div style="text-align: center; color: red;">Restricted</div>
Address of the Arranger	Axis House , Wadia International Center, P B Marg, Worli, Mumbai -400025 Tel :- 02224252880 Email: bonds.origination@axisbank.com www.axisbank.com

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. As on Dec'20, Canara Bank was the 4th largest Public Sector Bank in India in terms of asset. Total Deposits and Advances of Canara Bank stood at 16.86 trillion and we have over 10 crore customers as on March 2021. The Government of India owns 69.33% of shareholding of the Bank, as on March, 2021, 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 for FY 21 include

- In IBA's 16th Annual Banking Technology Awards, Canara Bank received Joint Runner-up award for Best Payment Initiatives.
- Canara Bank received Finnoviti 2021 award for Integration of Govt Scheme Demat Trading Insurance.
- Public Relations Council of India has given bronze award for our in-house Magazine Shreyas under House Journal - Print (English) category.
- In 59th ABCI Annual Awards, Canara Bank's in-house Magazine "Canara Jyothi" has received awards under "Indian Language Publication" and "special column (language)" categories.
- Canara Bank has received "Award of par Excellence" in APY Big Believers 3.0 (ABB) organized by PFRDA.
- Canara Bank has received "Exemplary Award" from PFRDA for achievement under Atal Pension Yojana "Old Age Financial Freedom Fighters".
- Canara Bank has received "Certificate of Excellence - Amazing Achievers of APY" from PFRDA.

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, gold 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, Accident, Travel, Health and Home 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 to Rs 1153675 crore as of March 31, 2021. Our total deposits have improved to Rs. 1010875 crore as of March 31, 2021. Our total advances have increased to Rs. 675155 Crore as of March 31, 2021. Our total income has increased to Rs. 84525 crore as of March 31, 2021. Our net profit stood at Rs. 2558 crore for the year ended March 31, 2021. Our total number of branches has increased to 10420 as of March 31, 2021 including 4 overseas branches (London, New York, Hong Kong and Dubai).

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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.

A snapshot of Bank’s financial performance is given below: (₹ in Crore)

Particulars	Mar-20*	Mar-21
Global Deposits	625351	1010875
<i>of which- Domestic Deposits</i>	601664	963306
Overseas Deposits	23687	47569
Domestic Deposits	601664	963306
Current Account Deposits	26458	49131
Savings Bank Deposits	169749	281525
CASA Deposits	196207	330656
Domestic CASA to Domestic Deposits (%)	32.59	34.33
Global Advances	451223	675155
<i>of which- Domestic Advances</i>	426684	652558
Overseas Advances	24539	22597
Total Assets	723875	1153675
Net Interest Income (NII)	13124	24062
Other Income	7813	15285
<i>of which-Fee Income</i>	2685	5243
Forex Income	1115	1882
Trading Gains	758	3316
Recovery from TWO	1470	3032
NII + Other Income	20937	39347
Operating Expenses	11577	19338
Operating Profit	9360	20009
Provisions	11596	17452

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of which-Provisions for NPAs & Bad debts written off	10655	14168
Profit Before Tax	(1756)	3708
Provision for Tax	480	1150
Net Profit	(2236)	2558

*Figures are related to standalone Canara Bank financial results for pre-amalgamation period, hence not comparable with post amalgamation financial results for the year ended March 31, 2021.

The global business of the Bank increased to ₹1686030 crore, with specific thrust on domestic business which grew to ₹1615864 crore as at March 2021. Domestic CASA deposits surged to ₹330656 crore with Savings Account of ₹281525 crore and Current Account of ₹49131 crore. Thus, domestic CASA improved to 34.33% as at March 2021.

Bank took various steps in respect of monitoring, control and maintaining asset quality. As on 31st March 2021, the Gross NPA of the Bank is at 8.93% and Net NPA at 3.82%. Cumulative Cash recovery including recovery in written off accounts stood at ₹10918 crore. Further the provision coverage ratio has improved to 79.68% compared to last year. The healthy CRAR of 13.18% highlights that the Bank is well cushioned for an organic growth in the coming quarters. In FY2020-21, operating profit of the Bank stood at ₹20009 crore and net profit at ₹2558 crore.

Dividend

Bank is not eligible to pay dividend for the Financial Year 2020-21 on account of not meeting the eligibility criteria as stipulated by RBI for this purpose.

MANAGEMENT DISCUSSION AND ANALYSIS

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GLOBAL ECONOMY

Global economic output is recovering from the collapse triggered by COVID-19, although it will remain below pre-pandemic trends for a prolonged period. The pandemic has exacerbated the risks associated with a decade-long wave of global debt accumulation. It is also likely to steepen the long-expected slowdown in potential growth over the next decade.

As per the latest International Monetary Fund (IMF) estimates, the world economy is expected to grow by 6% y-o-y in 2021 Calendar Year and moderate to 4.4% y-o-y in 2022 after contracting by 3.3% y-o-y in 2020 on account of economic disruptions ensued from onset of the pandemic. The global growth projection is on the back of fiscal stimulus in few large economies, wider rollout of vaccination, particularly in the second half of 2021 Calendar year and continued adaptation of economic activity to subdued mobility.

The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, exposure to cross-country spill-overs, and structural characteristics entering the crisis.

INDIAN ECONOMY

The domestic economy contracted by 7.3% in FY21 due to the unprecedented disruption in economic activity of the COVID-19 pandemic since March 2020. The nationwide lockdown and consequent standstill in business activities led to two consequent contractions in GDP growth rate in H1FY21. Growth momentum started picking up from Q2FY21 onwards on the back of supportive fiscal & monetary policies and gradual easing of lockdown norms. However, as the

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second wave of the pandemic has again effected India, local lockdowns were in place in most of the states which is expected to slow down the recovery momentum in FY22. Keeping this in view, RBI has downgraded its growth projection for FY22 to 9.5% in its latest Monetary Policy Committee (MPC) from 10.5% as projected earlier.

The impact of the pandemic was disproportional across different sectors of the economy. While agricultural sector remained resilient in the face of the pandemic, services sector, being contact intensive was severely impacted. Manufacturing and construction sectors showed modest improvement in H2FY21 on the back of Government policy thrust on infrastructure development.

According to RBI's quarterly statistics on Deposits and Credit of SCBs, the Scheduled Commercial Banks (SCBs) credit growth (y-o-y) has decelerated to 5.6% in March 2021 as compared to 6.4% a year earlier, and aggregate deposits growth (y-o-y) accelerated to 12.3% in March 2021 from 9.5% a year ago.

However, the economic impact of the second wave is expected to be less severe as compared to the nationwide lockdown last year as lockdowns are localised in nature and there is acceleration in production and roll out of vaccination across the country. Rural demand is likely to remain resilient in view of good harvest and the prospects of a near normal monsoon forecast for 2021 by the India Meteorological Department. Services sector, being contact intensive, may remain subdued till broader normalisation of economic activities in the country. Industrial sector is expected to pick up pace with consumption demand gaining pace, particularly in H2FY22.

Going forward, GDP growth is expected to pick up pace with acceleration in vaccination drive, strengthening of healthcare infrastructure with support from a strengthening external demand in the global economy. Economic growth momentum is expected to strengthen in the second half of FY2021-22 as recovery in economic activity becoming broader based across the different sectors of the economy, provided Covid spread is under check.

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KEY POLICY RESPONSE TO COVID-19 PANDEMIC

Since the onset of the pandemic from March 2020 onwards, RBI and Central Govt. of India have acted swiftly through a number of conventional and unconventional policy measures to contain the impact of the pandemic and ensuring financial stability, sufficient systemic liquidity and flow of credit to priority sectors of the economy.

RBI has reduced the policy repo rate by 115 bps to 4.00% since the start of the lockdown in 2020 and reduction in Cash Reserve Ratio (CRR) requirements by 100 bps to 3.0% of Net Demand and Time liabilities (NDTL) which has now been restored to its pre-pandemic level of 4 per cent of net demand and time liabilities (NDTL), effective May 22, 2021. Other measures are increase in marginal standing facility (MSF) borrowing from 2% of statutory liquidity ratio (SLR) to 3% and Open Market Operations (OMOs) including long term repo operations (LTROs), on-tap TLTROs aimed at specific sectors, Emergency Credit Line Guarantee Scheme (ECLGS) and postponement of implementation of prudential norms such as the capital conservation buffer (CCB) and the net stable funding ratio (NSFR), along with easing of liquidity coverage ratio (LCR) requirement.

In view of the need to support viable MSME entities on account of the fallout of COVID-19, the scheme of one-time restructuring of loans to MSMEs without an asset classification downgrade, was extended where the borrower's account was a 'standard asset' as on March 1, 2020 and the aggregate exposure of banks and NBFCs was not more than ₹25 crore. The restructuring had to be implemented by March 31, 2021, subject to certain conditions. The resolution framework² was introduced in recent monetary policy with enhancement of limit from ₹25 crore to ₹50 crore, subject to certain conditions.

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Keeping in view the emerging economic conditions in the wake of the second wave of the pandemic, the central Bank has announced additional measures in its unscheduled special announcement on 5th May 2021 including term liquidity facility of ₹50,000 crore to ease access to emergency health services, Special Long-Term Repo Operations (SLTRO) for Small Finance Banks (SFBs) and exemption to banks for extending credit to MSME borrowers and relaxation in resolution framework for COVID related stressed assets of individuals, small businesses and MSMEs. Further, in its June 2021 meeting of MPC, RBI has announced on-tap liquidity window of ₹15,000 crore for contact intensive services sector and a special liquidity facility of ₹16,000 crore to SIDBI.

FY2020-21 also witnessed expansionary fiscal policy of the Central Government like ₹20 lakh crore Atmanirbhar Bharat yojana, special package for MSME and agricultural sector and moratorium on loan instalments from 1st March 2020 to 31st August 2020 to reduce stress on borrowers. The Union Budget for FY 2021-22 as announced on 1st Feb, 2021 has given a thrust on infrastructure, healthcare, agriculture, housing and the rural economy. Major budget outlays have been provided for infrastructure development with allocation of ₹5.54 lakh crore, ₹2.23 lakh crore for development of health infrastructure, ₹20000 crore for recapitalisation of PSBs, ₹15700 crore for MSMEs and income tax deductions for affordable housing projects along with many other initiatives to support economy.

STEPS TAKEN BY THE BANK AMID COVID-19 PANDEMIC

Banking sector in India underwent a paradigm shift in FY2020-21, in terms of operating models in the wake of the COVID-19 pandemic since March 2020. Banks had to swiftly recalibrate their business processes to the pandemic protocols and restrictions to provide uninterrupted service to the customers while ensuring safety of both customers and employees.

Canara Bank as a responsible organization discharged the duties duly following the Covid-19 guidelines by taking required measures taking it as utmost priority to safeguard the health of the customers as well as the employees.

In this regard, quick response teams and help desks have been setup at HO/CO/RO level, staggered working hours/rotation/work from home is being practiced as a part of Business continuity plan, immediate assistance of ₹1 lakh in case of hospitalization where cashless facility not available and interest free loan up to one month gross salary to meet medical expenses incurred, over and above the permissible insurance limit is being provided. Bank is also arranging vaccination camps and quarantine facilities in tie-up with various hotels for the safety and proper medical care of the employees.

Digital channels have been used effectively to make the banking services available to the customers and Services of Business Correspondents was stepped up along with doorstep banking services.

The Bank ensured that all its alternate delivery channels work uninterrupted. Further, foreseeing the depth of pandemic crisis, the Bank has taken all precautionary initiatives to ensure continuity in operations. The Bank has a Disaster Recovery site which is capable of handling the CBS and other functions of the Bank. In case of closure of Data Centre due to any unforeseen reasons, Bank will function from the Disaster Recovery Site.

The details of the financial impact of the pandemic are provided in the Notes on Account Section. As per the detailing, going forward, there would not be any significant impact on the Bank's financials.

OUTLOOK FOR 2021-22

Given the slowdown in economic recovery process in the wake of the second wave of the pandemic, the growth outlook is subdued for the near term and stable for the medium term. The economic growth momentum is expected to pick up in the H2FY22 with easing of localised lockdown norm across the states, expected broader normalization of economic activities and with wider rollout of vaccination process. The fiscal and monetary policy support will remain growth supportive in the coming year. The credit growth is expected to pick up in tandem with economic recovery. The banking sector continues to serve as the backbone of the economy ensuring smooth recovery path. To strive for better performance in the coming years, the Bank gives thrust on shoring up of CASA while consciously reducing the reliance on bulk deposits. The Bank focuses on balanced advance portfolio with proper mix of retail, agriculture, MSME and corporate credit. The Bank has provided hundred per cent guaranteed MSME lending to give unrelenting support to this segment in tandem with government guidelines. The Bank takes adequate efforts for NPA management with ardent credit monitoring, contain fresh slippages and strengthen recovery efforts. The Bank will continue to strive for process and product improvements in view of changing requirements and circumstances. In the coming years, the Bank looks forward for leveraging amalgamation benefits for maximizing the efficiency and productivity.

CANARA BANK IN 2020-21:

Canara Bank has remained resilient through the challenging times of the pandemic and has recorded good performance across all business parameters for the financial year ending March 2021. The Bank has achieved record 45% q-o-q growth in net profit to ₹1010 crore in Q4FY21 and ₹2558 crore for the full FY 2020-21. The Bank has achieved robust growth in its major thrust areas, viz. balanced growth, optimal resource mobilization, robust fee income, expanding retail assets, including Agriculture, Housing and other retail segments, and improving asset quality.

BUSINESS PERFORMANCE

During FY 2020-21, the global business of the Bank stood at ₹1686030 crore with global deposits at ₹1010875 crore and global advances at ₹675155 crore.

A snapshot of business growth in FY 2020-21 (₹ in Crore)

Particulars	Mar-20*	Mar-21
Global Deposits	625351	1010875
<i>of which-</i> Domestic Deposits	601664	963306
Overseas Deposits	23687	47569
Domestic Deposits	601664	963306
Current Account Deposits	26458	49131
Savings Bank Deposits	169749	281525
CASA Deposits	196207	330656
Domestic CASA to Domestic Deposits (%)	32.59	34.33
Global Advances	451223	675155
<i>of which-</i> Domestic Advances	426684	652558
Overseas Advances	24539	22597
Total Assets	723875	1153675

*Figures are related to standalone Canara Bank financial results for pre-amalgamation period, hence not comparable with post amalgamation financial results for the year ended March 31, 2021.

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Deposits:

Total Deposits stood at ₹1010875 crore as on March 2021. Domestic CASA deposits of the Bank is at ₹330656 crore as on March 2021 with Savings deposits at ₹281525 crore and Current deposits at ₹49131 crore. The Bank's domestic CASA deposits share to domestic deposits stood at 34.33%.

The focus on premier CASA products, like, Canara Galaxy, Canara Privilege, Canara Payroll, SB Power plus and NRI accounts were given to improve the average balances under CASA. Total deposit clientele of the Bank stood at 10.41 crore as at 31st Mar'21.

Advances:

The Bank expanded its asset base in a well-diversified manner encompassing sectors such as Agriculture and Micro, Small and Medium Enterprises (MSMEs) as well as keeping a focus on other retail assets, including Housing, Education, and Vehicle loans.

Advances (Gross) of the Bank reached ₹675155 crore as at March 2021. The number of borrowal clientele stood at 1.01 crore as at March 2021. Total business of the Bank increased to ₹1686030 crore for the year as on March 2021.

FINANCIAL PERFORMANCE

Operating profit of the Bank stood at ₹20009 crore for FY2020-21. Bank reported a net Profit of ₹2558 crore for FY2020-21. Net Interest income of the Bank stood at ₹24062 crore. NIM stood at 2.75% and Yield on Advances at 7.73%.

Key Financial Ratios (%)	Mar-20*	Mar-21
Cost of Funds	5.12	4.09
Yield on Funds	6.99	6.26
Cost of Deposits	5.57	4.52
Yield on Advances	8.18	7.73
Net Interest Margin (NIM)	2.29	2.75
Return on Assets (RoA)	(0.32)	0.23
Return on Equity (RoE)	(8.05)	6.71
Cost to Income Ratio	55.30	49.15

*Figures relating to standalone/consolidated Canara Bank financial results for pre-amalgamation period are not comparable with post-amalgamation financial results for the year ended March 31, 2021.

Income and Expenditure Analysis:

During the year, total income is at ₹84525 crore, comprising ₹50405 crore interest from advances, ₹16859 crore interest from investments, ₹15285 crore from non-interest income and ₹1976 crore from other interest income.

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Operating performance of the Bank (₹ in Crore)

Particulars	Mar-20*	Mar-21
Interest Earned	48935	69240
Interest Expended	35811	45178
Net Interest Income (NII)	13124	24062
Other Income	7813	15285
<i>of which- Fee Income</i>	<i>2685</i>	<i>5243</i>
Forex Income	1115	1882
Trading Gains	758	3316
Recovery from Written Off Account	1470	3032
Operating Income (NII + Other Income)	20937	39347
Operating Expenses	11577	19338
Employee Expenses	7134	12690
Other Operating Expenses	4443	6648
Operating Profit	9360	20009
Provisions	11596	17451
<i>of which- Provisions for NPAs & Bad debts written off</i>	<i>10655</i>	<i>14167</i>
Provision for Standard Advances	379	1
Provision for Depreciation on Investment	(278)	427
Provision for Income Tax	480	1150
Other Provisions	359	1706
Profit Before Tax	(1756)	3708
Provision for Tax	480	1150
Net Profit	(2236)	2558

* Figures relating to standalone/consolidated Canara Bank financial results for pre-amalgamation period are not comparable with post-amalgamation financial results for the year ended March 31, 2021.

In line with the thrust areas for the Bank, non-interest income (Excl. Trading profit) is at ₹11969 crore. Apart from trading profit, other major sources of non-interest income, like, service charges (₹2806 crore), commission and exchange (₹1146 crore), recovery from written off accounts (₹3032 crore) and Profit from exchange transaction (₹1882 crore) contributed to the non-interest income of the Bank. The share of non-interest income to total income stood at 18.08%.

Total expenditure of the Bank stood at ₹64516 crore in FY 2020-21. Interest expenses of the Bank is at ₹45178 crore. Operating expenses is at ₹19338 crore, comprising staff cost of ₹12690 crore and other operating expenses of ₹6648 crore.

Due to the decrease in interest rates, the Bank's cost of deposits is at 4.52%. The net interest income, the difference between interest paid and interest earned by the Bank, is at ₹24062 crore.

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Capital and Reserves:

Networth of the Bank, as at March 2021 stood at ₹39814.26 crore. While the total paid-up capital of the Bank stood at ₹1646.74crore, the reserves and surplus at ₹57238.19 crore.

Composition of Capital (₹ in Crore)	March 2020* Basel III	March 2021 BaselIII
Risk Weighted Asset	360906	530012
CET I	33881	45624
CET I (%)	9.39%	8.61%
AT I	2648	7813
AT I (%)	0.73%	1.47%
Tier I Capital	36529	53437
CRAR (%) (Tier I)	10.12%	10.08%
Tier II Capital	12727	16407
CRAR (%) (Tier II)	3.53%	3.10%
Total Capital	49257	69844
CRAR (%)	13.65%	13.18%

*Figures relating to standalone/consolidated Canara Bank financial results for pre-amalgamation period are not comparable with post-amalgamation financial results for the year ended March 31, 2021.

Capital Adequacy Ratio, under Basel III was 13.18% as at March 2021 against the regulatory requirement of 10.875%, including capital conservation buffer of 1.875%. Within the capital adequacy ratio, CET I ratio was at 8.61% and Tier I capital ratio was at 10.08%.

Restricted

During the Financial Year 2020-21, Bank has raised capital via Basel III compliant additional Tier 1 Bond amounting to ₹2936.10 crore and equity through QIP of ₹2000 crore and thereby Government of India shareholding in the Bank is 69.33% as on 31.03.2021.

RETAIL LENDING OPERATIONS:

In line with the thrust areas set for the year, the Bank's retail lending operations recorded good performance. The core retail portfolio of the Bank increased to ₹115312 crore as on March 31, 2021 with Housing Loans at ₹64326 crore and ₹13713 crore under Vehicle Loans. The share of retail loans stood at 17.67% as of March 31, 2021 of domestic advances (₹652558 crore). This was possible as the Bank constantly strives to provide seamless credit delivery to customers in a hassle free manner.

(₹ in Crore)

Retail Segments	As at March	
	2020*	2021
1. Housing	39611	64326
2. Vehicle	10446	13713
3. Other Personal	20320	24834
4. Education	9423	12439
Core Retail Loans (1+2+3+4)	79800	115312

*Figures relating to standalone/consolidated Canara Bank financial results for pre-amalgamation period are not comparable with post-amalgamation financial results for the year ended March 31, 2021.

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Education Loans

Over the years, the Bank has assisted substantial number of promising students to pursue higher education in India and abroad. The Bank's education loan portfolio increased to ₹12439 crore as at March 2021. The Bank has financed around 3.70 lakh students as at March 2021. During FY 2020-21, the Bank has disbursed education loans worth ₹1639 crore.

Among all Nationalized Banks, our Bank is in the forefront in extending education loans. Further, considering the huge thrust on skill development in recent years, "IBA Skill Loan Scheme" has been implemented to support skill development initiatives of Department of Financial Services (DFS).

The Bank has a special education loan schemes namely "VidyaTurant", Collateral free Education loans for the meritorious students who are admitted to premier institutes such as IITs, IIMs, ISB etc up to a limit of ₹40 Lacs with concessional rate of Interest, Bridge Loan Scheme namely "Vidya Sahay" to assist the needy and meritorious students who are in need of the down payment to be made to the CET/Counselling Authorities at the time of selection/counselling and "VidyaShakthi", education loan scheme for the PWD category of students including expenses for specially designed equipment's for differently abled persons with concessional interest rate.

PRIORITY SECTOR ADVANCES

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

Priority Sector Advances of the Bank as at March 2021 reached ₹304803 crore and achieved 44.14% to Adjusted Net Bank Credit (ANBC) against 40% mandated norm. Restricted

Priority Sector

(₹ in Crore)

Priority Sector Advances	As at March	
	2020*	2021
Total Priority Sector	203029	304803
Agriculture	97043	155990

*Figures relating to standalone/consolidated Canara Bank financial results for pre-amalgamation period are not comparable with post-amalgamation financial results for the year ended March 31, 2021.

With a focus on credit delivery to **Agriculture**, the Bank's advances under agriculture portfolio increased by 17.39% to ₹155990 crore, covering over 1crore farmers. Under agriculture lending, the Bank achieved 18.56% to ANBC against 18% mandated norm. During FY 2020-21, the Bank's agriculture credit disbursement is at ₹136978 crore. Advances to Small & Marginal Farmers achieved 11.23% to ANBC as against the mandatory Target of 8% (Net of PSLC-SF/MF sale) as at March 2021.

During the year, the Bank issued 17.25 lakh Kisan Credit Cards (KCCs), amounting to ₹27480 crore. The credit outstanding under KCCs was at ₹38994 crore as at March 2021. 16.88 lakh KisanRuPay Cards were issued against eligible accounts of 16.28 lakh, with an achievement of 96.41%.

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Advances to Micro Enterprises (Priority) stood at ₹53791 crore achieving 9.25% to ANBC as against the mandatory Target of 7.5%.

The Bank actively participated in various **Government Sponsored Schemes**, such as, Prime Minister's Employment Generation Programme (PMEGP), National Rural Livelihood Mission (NRLM), National Urban Livelihood Mission (NULM), Differential Rate of Interest (DRI) Scheme, Stand Up India, Pradhan Mantri Mudra Yojana (PMMY).

As at March 2021, the outstanding advances under the following Government Schemes, aggregated to ₹28998 crore, involving around 20.85 lakh beneficiaries.

Performance under various Government Sponsored Schemes:

(₹ in Crore)

Scheme	Mar-21	
	Accounts	Amount
Prime Minister Employment Generation Programme (PMEGP)	37324	1672
Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM)	135495	3432
Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM)	17517	197
Differential Rate of Interest	111783	96
Stand Up India	6336	1176
Pradhan Mantri Mudra Yojana (PMMY)	1776195	22425
Total	2084650	28998

Advances to DRI stood at ₹96 crore, consisting of 1.12 lakh beneficiaries, of which, advances by rural and semi-urban branches amounted to ₹75 crore. In support of the underprivileged sections of the society, the Bank's advances to SCs/STs beneficiaries amounted to ₹14175 crore as at March 2021, covering 8.28 lakh borrowers. The advances to SCs/STs comprised 4.65% of total priority sector advances. Advances to weaker sections reached ₹150737 crore, constituting 17.66% to ANBC against mandated norm of 10%.

Various components of advances to Weaker Sections as at March 2021:

(₹ in Crore)

Sector	Outstanding	
	Accounts	Amount
Small & Marginal Farmers, Landless Labourers, Tenant Farmers and Share Croppers	8368878	113328
Artisans, Village and Cottage Industries	421150	11540
SC/ST Beneficiaries	828404	14175
DRI Loan	111783	96
Self Help Group	343290	10156
Joint Liability Group	68064	1442

As at March 2021, advances to **specified minority communities** aggregated to ₹51773 crore, accounting for 17.04% of the actual priority sector advances against the stipulated 15% norm.

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MICRO SMALL & MEDIUM ENTERPRISES (MSMEs):

Advances to MSMEs increased to ₹108334 crore as at March 2021, with a y-o-y growth of 2.50%. Credit to M&SE segments rose to ₹94822 crore, with a 6.68% YOY growth. Advances to Micro Enterprises recorded a growth of 3.48%. In order to increase credit flow to this segment and in view of the ongoing covid-19 pandemic in FY 2020-21, the Bank has launched various need based schemes and products catering to the needs of the specific segments such as:

- ✓ **GECL Schemes (GECL 1.0 & GECL 2.0)** - To existing Business Enterprises/MSMEs/PMMY Customers to build up current assets and to meet operational liabilities and restart the business as per communication received from M/s NCGTC Ltd from time to time.
- ✓ **CGSSD** - CGSSD (Credit Guarantee Scheme for Subordinate Debt) has been launched on 31.07.2020 to provide guarantee coverage for the Credit Guarantee Scheme for Subordinate Debt to provide Sub- Debt support in respect of restructuring of MSMEs. The scheme is valid till 30.09.2021.
- ✓ **PM SVANidhi**- This scheme has been introduced during July 2020 for all street vendors engaged in vending in urban areas as on or before 24.03.2020 as per identification criteria stipulated in scheme guidelines of MoHUA. Small Industries Development Bank of India (SIDBI) is the implementation partner of the MoHUA.
- ✓ Based on RBI Notification **RBI/2020-21/17 DOR.No.BP.BC.4/21.04.048/2020-21** dated 06-08-2020, Wing has extended an OTR Scheme to MSME loans under standard asset category as at 01.03.2020 with exposure up to ₹25crore, to be implemented by 31.03.2021.
- ✓ **PRSF (Partial Risk Sharing Facility)** - This scheme has been approved for implementation vide orders of the Board dated 01.12.2020 to finance the eligible MSEs towards execution of energy efficient projects, in line with the PRSF scheme of SIDBI.

Under Pradhan Mantri Mudra Yojana (PMMY), the Bank sanctioned an amount of ₹13210.29 crore against the target of ₹12800 crore during FY 2020-21. Sanctions and disbursals under different categories of Mudra Yojana are as under:

Category	As on 31.03.2021 (₹ in Crore)			
	No. of Accounts	Sanction Amount	Disbursement Amount	Outstanding Amount
Shishu (<50,000)	722608	1486.91	1479.12	1034.53
Kishore (Above 50,000- 5 Lakhs)	272283	6041.41	5994.12	4901.41
Tarun (Above 5 Lakh to 10 Lakhs)	68645	5681.97	5644.15	4515.38
Total	1063536	13210.29	13117.39	10451.32

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Major Highlights:

- **Under stand up India**, the Bank Sanctioned 4196 accounts to the tune of ₹929 crore.
- During FY 2020-21, under **PMEGP** the Bank sanctioned 7985 proposal amounting to ₹750 crore, with total margin money claimed stood at ₹281 crore.
- With respect to **PSB Loans in 59 minutes**, the Bank is one of the top performers on this portal with 31014 in - principal sanctions since the inception till 31.03.2021.
- Under **PM Svanidhi**, the Bank sanctioned 159682 accounts amounting to ₹159.68 crore.
- Under **RBI Onetime Restructuring Scheme-III** (Accs restructured under RBI Circular dated 06.08.2020) **45540** accounts have been restructured amounting to ₹1799 crore till 31.03.2021.

➤ **GECL SCHEME**

- 1) Under ECLGS 1.0, **475420** sanctions amounting to ₹9973 crore were made & **451332** accounts amounting to ₹9577 crore disbursed till 31.03.2021.
 - 2) Under ECLGS 2.0, **98** sanctions were made amounting to ₹921 crore & **98** accounts were disbursed amounting to ₹806 crore till 31.03.2021.
- **CCS-19 (Canara Credit Support to Covid-19 Affected Customers) Scheme** - Bank has made 78372 disbursements of ₹2011 crore till 31.03.2021.
 - Under **TReDS Platform**, our Bank has discounted 2966 Bills amounting to ₹653.16 crore during FY 2020-21.

DIGITAL BANKING & ALTERNATE DELIVERY CHANNELS

The Bank has 13452 number of ATMs as on March 2021. The Bank's EMV debit card base is at 4.08 crore. The e-transaction ratio stood at 88.73% as at March 2021. The number of registered users under Mobile Banking is at 83.26 lakhs and Net Banking users is at 1.49 crore as at March 2021.

During COVID19 we ensured more than 91% uptime of ATMs. We made publicity at Social media platforms and through our ATM screens, sensitizing customers to bank from home and go digital. Posters highlighting Mobile Banking features were displayed at ATM lobbies. SMS was sent to active customers, promoting to use ATMs/Mobile Banking/Internet Banking and other available Digital modes.

Security features to arrest ATM frauds

- ❖ Safety measures mandated by RBI (i.e. Terminal Security Solution, Anti-skimming Devices, EMV compliance) have been successfully implemented in all our operational ATM's within the timelines.
- ❖ All ATMs are migrated for centralised reconciliation.
- ❖ Implemented Card less Cash Withdrawal and OTP for cash withdrawal above ₹10,000/-.

Security measures taken for Card transaction security for avoiding online frauds

As per RBI guideline, Enhancing Security of Card transactions for Debit Card & Credit Card, enabling and disabling card for online and international transactions is enabled in all channels like Internet Banking, Mobile Banking, ATM and branch channel

New functionalities introduced in Mobile Banking App “Candi” during 2020-21:

- Payment through default IFS Code (Default IFSC will come while making payment through MB).
- Self-account payment inside Mobile Banking through other account.
- Flight/Bus tickets booking, Donations and other lifestyle payments.

New functionalities introduced in Internet Banking during 2020-21:

- Opening of DEMAT A/c & Trading account.
- Digilocker facility.
- Forex transactions for retail customers.

Important initiatives taken by the Bank to improve customer service at various levels

- **Canara Un-secured Personal Loan** -Bank has introduced end to end digital lending platform for extending online Un-secured personal loan facility for existing customers. Customers can avail loans upto ₹1 Lakh using this online facility. The platform facilitates the Digital Stamping, execution and signing of document.
- **Canara Shishu Mudra Loan** - Bank has implemented Online Shishu Mudra loan facility as part of its Digital lending initiative. Customers can avail loans upto ₹50,000 using this online platform
- **Online Partial withdrawal of Fixed Deposit:** Our customers had been provided with a facility to open/close fixed deposits online. As an additional functionality, we have recently enabled online partial redemption facility for the deposit accounts opened.
- **Introduction of Public Provident Fund (PPF) services:** PPF services such as Account Opening, Subscription etc. were introduced under Internet Banking and Mobile Banking for the benefit of our customers.
- **Introduction of Sukanya Samridhi services:** Facilities such as Account Opening, Subscription etc related to SSA have been integrated in our Internet and Mobile Banking channels.
- **Introduction of Senior Citizen savings scheme services of GOI online through OMNI Channel platform:** to cater specifically to the needs of Senior Citizen.
- **Online application for Kisan Vikas Patra (KVP) account** enabled in Omni Channel
- **Online Facility to apply for Gold loan at branches** was introduced. This facilitates customers to initiate a gold loan application process with all details such as ornament details/ land details etc. and letting them know the eligible amount. Customers could then walk into the branch to pledge the gold for the branch officials to complete the loan processing.
- **Online application facility for KCC Loan and KCC renewal:** has also been facilitated similar to gold loan application process.
- **Online application facility for Credit Card:** The functionality was introduced to facilitate customers to apply for credit card via online channels.
- **Foreign outward remittance services:** - Via integration of CPCFT in corporate Internet Banking, forex services have been enabled for our Corporate Internet Banking customers.
- **Introduction of Lead Management System and integration with Internet & Mobile Banking Channels.** The integration has facilitated customers as well as non-customers to register their interests in any of the products of the Bank. The

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LMS system of the Bank is integrated with the Bank's marketing wing/call centre as well as branch network. Customers can schedule a call back for details of the product as well as assistance.

- CPPS (Central Positive Pay System) was enabled in our Internet & Mobile Banking channels. The facility enables customers to submit required details of their cheques issued via online channels without visiting the Branch
- Integration of Doorstep Banking services with Internet & Mobile Banking channels
- Online application and policy issuance facility were introduced for Personal accident cover, online application for Home Insurance, Online application for Health insurance and online application for Travel insurance.
- Digilocker facility has been integrated in the Bank's internet & Mobile Banking Channels.
- NACH mandate cancellation facility via Internet & Mobile Banking channels has been enabled.
- De-mat & Online Trading Account Opening has been enabled through Omni Channel Net Banking.
- Opening of e-Insurance account with NSDL has been enabled through OMNI Channel.
- As part of Bank's endeavor to secure the card Transactions for its customers, following Card Management services has been enabled through Mobile as well as OMNI Channel solution.
 - ✓ Credit/Debit/ Prepaid Card management through net Banking and Mobile Banking platform
 - ✓ Limit Management for Debit/Credit/ Prepaid Cards for POS/ ATM/ E-commerce transactions
 - ✓ Switching on/off the usage of Credit/Debit / Prepaid Card
 - ✓ Switching on/off NFC features for Credit/Debit Card
 - ✓ Temporary or permanent blocking of card
 - ✓ Switching On / Off the International usage of the card
 - ✓ Generation of Card PIN through Mobile and Net Banking
 - ✓ Digital Calendar - Bank has integrated Digital Calendar for its customers through Website, Mobile Banking and Internet Banking Platforms. This calendar provides List of Holidays for specific state/territory
- In-app Notification
 - ✓ Now the Customers can get notification about various information through Mobile Banking Application
 - ✓ Promotional messages can be delivered through In-App Notification features
 - ✓ Debit/Credit Messages can also be delivered through this facility
- BMTC UPI QR Scan Pay - This facility has been made available for BMTC buses running in Bangalore City. Using this facility customers can pay for Bus fares through UPI based system.
- AP-GSWS(Gram Sachivalaya Ward Sachivalaya) 30 Govt bill payment
 - ✓ This service is specifically implemented for Andhra Pradesh State Government using UPI based dynamic QR facility.
 - ✓ Using these services 30 Government Department Bills can be paid by the customers.
- Cardless cash withdrawal through ATM facilitating Customers to withdraw Cash without using any card in all ATMs of Canara Bank. When customer makes a request in Mobile Banking platform for cardless withdrawal, using the secured authentication mechanism, the cash can be withdrawn at Canara Bank ATMs without using any Card.
- Canara Video KYC - Canara Bank has implemented Canara DiYA functionality for online account opening process using Aadhaar based authentication. The account opened through Diya is non-CDD(Customer Due Diligence). To make the account of customers fully complied with KYC norms, Bank has launched Video KYC facility.

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- Online Debit Card Request facilitating Customers to place the request for Personalized debit card request through online portal.
- Marketing officers can visit Customers' Home/office address to open instant accounts through TAB Banking.
- Online update of PAN & Communication Address: Facilitating customers to update their PAN/Communication Address via Internet and Mobile Banking. Prior to successful updation, the system verifies and matches the details provided by customer with the issuing authority.
- The new services have been added in Bank's Tab based Financial Inclusion Solution like Cheque Status enquiry, Stop payment of cheque, PPF module, SukanyaSamridhiYojana, Pass Book Updation, E-KYC Account opening, IMPS transactions and Loan Remittance functionality.

DOCUMENT MANAGEMENT SYSTEM

Our Bank has embarked upon the Document Management System (DMS) project to digitalize the various Banking operations. DMS includes digitalization of documents including work-flow automation, centralized storage, Content Management System and secure accessing of documents, Solution to physical storage management etc.

DMS, with work-flow automation, provides solution to various facets related to creation, storage, indexing and retrieving of digital files. Key benefits of DMS are Centralization and Management of Documents, Increased Operational Efficiency, Reduced physical Storage Space, Enhanced Security, Go green initiative and reduced paper usage.

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FINANCIAL INCLUSION

As a part of financial inclusion drive, the Bank makes its products and services available to financially excluded and marginalized sections of the society. As per the Government of India and the Reserve Bank of India directions, the Bank has been proactive in financial inclusion efforts, with key interventions, viz., expanding banking infrastructure, offering appropriate financial products, making extensive & intensive use of technology and advocacy of financial literacy.

- ✓ The Bank has 1123 Financial Inclusion (FI) Branches under branch model and also engaged 9129 Business Correspondent Agents (BCAs) under Business Correspondents (BC) model.
- ✓ Bank formed 'Canara Financial Advisory Trust' to take care of the affairs of the Financial Literacy Centres (FLCs) of the Bank as well as the FLCs promoted by the Regional Rural Banks (RRBs) sponsored by the Bank. The Bank has 152 FLCs in districts & blocks level across the country, managed by the Counsellors (retired bankers).
- ✓ Bank opened 138.47 lakh accounts under PMJDY.
- ✓ Covered all allotted 10049 villages comprising of 3962 allotted SSAs and 3371 Urban wards by opening of 1123 brick & mortar branches and engaging 5267 Business Correspondent Agents (Bank Mitras) at remaining locations.
- ✓ Under social security schemes launched by the Government of India during the year, following enrolments have been made under PMJJBY & PMSBY.

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Scheme Enrolments including Renewals As at March 2021

(In Lakhs)

Scheme Enrolments including Renewal	As at March 2021
Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)	53.00
Pradhan Mantri Suraksha Bima Yojana (PMSBY)	144.17
Atal Pension Yojana (APY)	24.63

✓ Under Sukanya Samridhi Yojana, the outstanding number of accounts as on 31st March 2021 is 104296 accounts.

AADHAAR Enrolments Updation Centres:

The Bank is a Registrar and Enrolment Agency for Aadhaar Enrolment. As per UIDAI guidelines, the Bank has to establish ASKs at 10% of the Bank branch premises. Accordingly, Bank has established 1494 ASKs, comprising of 1201 centres for the Bank and 293 centres for the 4 sponsored RRBs (KAGB 116, KGB 62, KVGB 62 & APGB 53).

Empowering Women:

Women Empowerment Section at Head office and Centre for Entrepreneurship Development for Women (CEDW) at 24 Circle Offices and 176 Regional offices across the country are working relentlessly towards economic empowerment of women. These CEDWs have reached potential entrepreneurs, undertaken counselling, supported their training needs, provided finance and arranged marketing facilities. A total of 486 Programmes were organized by the CEDWs during FY 2020-21.

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Lead Bank Responsibility:

As on 31.03.2021, Our Bank has been assigned with:

- State Level Banker's Committee (SLBC) Convenorship in two states i.e. Karnataka and Kerala and Union Territory Level Banker's Committee (UTLBC) Convenorship in Lakshadweep.
- Lead Bank responsibility in 60 districts across 8 states and 2 Union Territories viz. Andhra Pradesh (5), Bihar (1), Delhi (3), Haryana (3), Lakshadweep (1), Karnataka (15), Kerala (7), Tamil Nadu (7), Telangana (4) & Uttar Pradesh (14) comes under 14 Circles of the Bank.

INTERNATIONAL OPERATIONS AND BUSINESS

The Bank has 4 overseas branches, viz., London (U.K), Hong Kong, New York (U.S.A) and Dubai International Financial Centre (DIFC), Dubai (UAE). Besides the above 4 overseas branches, the Bank has a Representative Office at Sharjah (UAE), Canara Bank (Tanzania) Ltd., a Wholly Owned Subsidiary at Dar-es Salaam in Tanzania and Commercial Indo Bank LLC, a Joint Venture with State Bank of India in Moscow, Russia.

Total business of the overseas branches aggregated to ₹70,166 crore comprising of Deposits of ₹47,569 crore and Advances of ₹22,597 crore as at the end of the financial year 2021. Overseas Business constituted 4.16% of the Bank's global business. As per the rationalisation plan for overseas branches, Bank has closed Johannesburg Branch in South Africa during the Financial Year. During the Financial Year, Bank has decided to divest its stake in CIBL to SBI, the majority stake holder and close its operations in Hong Kong.

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ASSET QUALITY

Gross NPA of the Bank is at 8.93% (₹60288 crore) and Net NPA is at 3.82% (₹24442 crore) as at March 2021. The cumulative Cash Recovery including Recovery in written off accounts during FY 2020-21 was at ₹10918 crore. Upgradation for FY 2020-21 was at ₹2407 crore. Provision Coverage Ratio (PCR) is at 79.68% as at March 2021. Recovery in written off accounts for FY 2020-21 was ₹3733 crore. Slippage has been contained during the year to ₹17885 crore.

During FY 2020-21, 1596 properties were sold amounting ₹1021.63 crore and 2927 accounts were settled/closed /upgraded amounting ₹826.76 crore were made on account of initiating actions under the SARFAESI Act. The Bank conducted 1152 Recovery Meets during FY 2020-21 that has resulted in recovery of ₹4501 crore. In FY2020-21, 212023 cases were settled, covering an OTS amount of ₹7730 crore. In FY 2020-21, 11030 cases were referred to LokAdalat, out of which, 2264 cases were settled, covering an amount of ₹31.13 crore. Besides, the Bank took several initiatives to contain slippages and speed up recovery from overdue loan accounts. These include, conduct of Can Adalats at branch level, cluster adalats at Regional level and mega adalats at Circle level for one time settlements (OTS), LokAdalats at district level, regular follow-up of overdue in loan accounts through Call Centre, conduct of e-auctions for sale of seized assets and initiation of stringent recovery measures against Wilful Defaulters. As on March 2021, there were 971 wilful defaulters with an outstanding amount of ₹11272 crore.

The Bank has initiated resolution process in respect of 390 Cases by referring to NCLT / filing our claim as at 31.03.2021 and is expecting substantial recovery through resolution during FY 2021-22. In FY 2020-21, recoveries amounting to ₹2360.94 crore were done in NCLT referred accounts. The Bank has also formulated various special OTS Schemes for settlement of small value NPAs in agriculture NPA, Education loans, tractor loans and other farm mechanisation, etc.

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As on March 2021, the outstanding stressed assets portfolio (including restructured standard accounts) of the Bank stood at ₹66887 crore, accounting for 9.91% of gross advances.

RISK MANAGEMENT

BASEL III Capital Adequacy Framework and Future Strategies

An independent Risk Management Wing at the Head Office is functioning as a nodal centre for overall implementation of various risk management initiatives across the Bank. Risk Management Sections are functioning at all 24 Circle Offices of the Bank as an extended arms of the Risk Management Wing. The Bank has in place risk management policies across geographies and across all risks encompassing the entire gamut of risk profile. These include policies on Credit Risk Management, Operational Risk Management, Market Risk Management, Asset Liability Management and Group Risk Management. The Bank has in place an Internal Capital Adequacy Assessment Process (ICAAP) under Pillar 2 of Basel III norms complying with SREP guidelines. The ICAAP exercise covers the domestic and overseas operations of the Bank, Subsidiaries, Joint Ventures, Sponsored Entities and Associates. Stress testing exercise is also performed by the Bank to ascertain the potential risks faced by the Bank. The ICAAP document is reviewed and approved by the Risk Management Committee of the Board and the Board of Directors. The Bank has a Board Level Sub-Committee for Capital Planning Process. The Committee articulates macroeconomic scenarios vis-à-vis capital requirements of the

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Bank, in tune with business strategies. The Committee ensures maintenance of appropriate level of Capital to Risk Weighted Assets Ratio (CRAR) and evaluates various options for raising the capital.

Adoption of Advanced Approaches under Basel III:

In an endeavour to move towards Advanced Approaches under Basel III for computation of capital for Credit, Market and Operational Risks, the Bank had engaged the services of a Consultant for implementation of Enterprise-wide Integrated Risk Management solution for itself and the Group Entities, so as to build requisite risk management framework. As a pre-requisite for the implementation of Enterprise wide Integrated Risk Management architecture, the Bank has procured a Risk Solution that would enable it to meet requirements of Advanced Measurement Approaches. The Bank has submitted Letters of Intent to RBI for adoption of Internal Rating Based (IRB) Approach for calculation of capital charge for Credit Risk, Internal Models Approach for calculation of capital charge for Market Risk and Advanced Measurement Approach for calculation of capital charge for Operational Risk.

Preparedness for Basel III:

The final guidelines on Basel III Capital Regulations became effective from 1st April, 2013. As per RBI guidelines, the transitional period for full implementation of Basel III Capital regulations are extended up to 01.10.2021. The banks in India need to maintain a minimum Common Equity Tier 1 (CET1) capital of 5.50%, Tier 1 capital of 7.00%, total capital of 9.00% and Capital Conservation Buffer (CCB) of 2.50% from 01.10.2021 onwards. The banks also have to maintain a minimum Tier 1 Leverage Ratio of 3.50% as a credible supplementary measure to the risk based capital requirements. The Bank endeavors to remain adequately capitalized. The Bank has adequate headroom to raise capital from the market, including recapitalization support from the Government of India. Going forward, the Bank's capital requirement shall be met by injecting fresh equity capital, retention of profits, optimization of business levels, proactive capital planning and management.

Credit Risk Management:

The Credit Risk management process outlines the principles, standards and approach for credit risk management at the Bank. Systems, procedures, controls and measures are in place to actively manage the credit risks, optimize resources and protect the Bank against adverse credit situations. In order to comprehensively address the issues and concerns of the Credit Risk, the Bank has put in place a comprehensive Credit Risk Management Policy. A robust system for Internal rating (on internally developed models) of the borrowers, appraisal of loan/credit proposals, including seeking adequate information for appraising the viability of the proposal and creditworthiness of the applicant for sanctioning credit limits, well defined credit approval process and authorization matrix, standards for collateral management, credit monitoring, restructuring of advances, MSME and Off Balance Sheet Exposures, is followed. Risk Acceptance, Risk Measurement, Prudential Exposure Norms, Organizational Structure, Strategies and Operational Process are in place. In order to address the credit risk at portfolio level and the issue of concentration risk, the Policy prescribes fixation of various exposure ceilings. Risk Based Pricing is in tune with the Risk profile of the borrower to generate returns to achieve targeted RoA and NIM.

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The Bank has a Loan Review Mechanism for constantly evaluating the overall performance of the borrowal accounts and for bringing about qualitative improvements in credit administration, monitoring and credit audit. The entire process of the Loan review and monitoring is duly administered by the Credit Administration & Monitoring Wing.

Market Risk Management:

The Market Risk framework of the Bank aims at restricting loss from all types of market risk loss events and also to establish limit structure and triggers for various market risk factors. Exposure limits, such as, Stop Loss Limits on Trading Book, Intraday and Overnight Limit for various Currency Positions, Dealer-wise Limits, Aggregate Gap Limit, Limits on Money Market Operations, Modified Duration Limits for investment portfolio and VaR Limits are fixed to act as risk mitigants/triggers. Mid Office of Risk Management Wing monitors these limits, along with other triggers, on a daily basis. A reporting framework has been put in place for effective and timely monitoring of market risk limits and triggers.

Operational Risk Management:

Operational Risk Management framework in the Bank is based on ethics, organization culture and strong operating procedures, involving corporate values, internal control culture, effective internal reporting and contingency planning. The Bank has adopted policies for management of Operational Risk, which covers various aspects, such as, Operational Risk Management Structure, Outsourcing Activities and Business Continuity Plan. At present, the Bank is in the process of migration to Advanced Approach of Basel III framework from the Basic Indicator Approach (BIA). The Bank has already put in place Incident Management module for timely reporting of incidents, Review of Key Risk Indicators (KRI), Conducting of Risk Control & Self Assessment (RCSA) workshops and Scenario Analysis workshops to compute capital charge for Operational Risk.

Asset Liability Management:

Within the policy framework, the Board of the Bank has set up Asset Liability Management Committee (ALCO), which is entrusted, inter alia, with the role of management of assets and liabilities including the funding strategies and its composition, product pricing, stress test and contingency action plan among others.

The Bank has implemented the RBI guidelines with respect to Liquidity Coverage Ratio (LCR) with effect from 01.01.2015. LCR of the Bank is being maintained above the stipulated regulatory requirement on an ongoing basis.

Group Risk:

The Bank has various Subsidiaries, Joint Ventures and Sponsored Entities, which are engaged in diversified activities. As the Bank has considerable stake in these Group Entities, Bank has put in place a Group Risk Management Policy to identify and manage risk in intra Group transactions and exposures to raise the standard of Corporate Governance by reducing and avoiding conflicts of interest between the Group Entities and also to ensure 'Arms Length Principle' among Entities, with regard to business parameters. The Group Chief Risk Officer (GCRO) of the Bank is supervising the risk management activities of the Group Entities.

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COMPLIANCE TO INTERNATIONAL STANDARDS:

Bank has been certified with ISO: 27001:2013 for Data Centre, Disaster Recovery centre and Department of Information Technology Wing and the certification is valid from 11/04/2020 for a period of 3 years. It is certified that the Information Security management system of the organization has been assessed and found to be in accordance with the requirements of the ISO 27001:2013 standard.

INTEGRATED TREASURY

Aggregate investments (net) of the Bank stood at ₹258698 crore as at March 2021. While modified duration of the investments portfolio stood at 4.89 as at March 2021, the modified duration of the Available for Sale (AFS) portfolio is at 1.30 as at March 2021. The yield on investments stood at 6.74% as at 31st March. The trading profit under domestic treasury operations during the year increased to ₹3316 crore on account of active churning of the investment portfolio along with active participation in OMOs. The Bank continues to be an active player in the Government Securities Market as a Primary Dealer (PD).

The total amount of bids submitted for underwriting was ₹209767 crore, of which, the underwriting commitment accepted by the RBI was ₹108166 crore. With regard to Treasury Bills under PD business, as against the minimum success ratio of 40% to be achieved in each half year, the Bank has a success ratio of 83.10% for the first half year ended September 2020 and 86.45% for the second half year ended March 2021.

Foreign Business Turnover of the Bank aggregated to ₹164437 crore, comprising of ₹72601 crore under exports, ₹34089 crore under imports and ₹57747 crore under remittances during the year ended March 2021.

During the year the Bank's Merchant Banking Division handled 1128 issues (public/rights/Debt) as cumulative under Bankers to an Issue. During the year FY 2020-21, Section has handled 88 Equity Issues and 18 Debt Issues and Bank got float fund benefit of ₹3702.34 crore for 4-7 days through ASBA with number of applications 507330. The amount has collected as commission (₹10/- per application plus 0.35% on allotted amount) is ₹37.84 Lakhs during the year 2020-21.

➤ Under Capital Gain Bonds, Bank is getting 0.12% Commission+ applicable GST on the amount so mobilized and floating fund for one day.

Rural Electrification Corporation Ltd (REC), National Highways Authority of India (NHAI), Indian Railway Finance Corporation Ltd (IRFC) and Power Finance Corporation(PFC) have entrusted the Bank to continue to act as “ Arrangers and Collecting Bankers” for the Private Placement Capital Gain Bond Issues

During 2020-21, funds mobilized/ Collected by our Bank are ₹559.59 crore as collecting banker and ₹50.00 crore as arranger. We have received an Arranger fee of ₹11.40 Lakhs. Section is providing share valuations as per request of the companies. During the year FY 2020-21, Section has prepared 2 valuation reports and earned commission ₹5.00 Lakhs. We also initiated the work of arranger for AT1 Bonds. In this process, our Bank has invested ₹250.00 crore in Bank of India AT1 Bonds and we are entitled to get ₹1.00 crore on account of Arranger fee.

BANCASSURANCE AND MUTUAL FUNDS

The Bank has tied-up arrangements with life and non-life insurance segments under its 'Bancassurance' arm. During the year FY 2020-21, Bank earned a commission income of ₹187.91 crore from its joint venture, M/s Canara HSBC OBC Life Insurance Company Ltd. Under the Mutual Fund business, the Bank earned a commission of ₹30.43 crore from its joint venture, M/s Canara Robeco Asset Management Company Ltd. A commission income of ₹63.82 crore was earned under Non-Life (General Insurance & Health Insurance) business from its tie-up arrangements with all the three GI Partners M/s Bajaj Allianz General Insurance Co Ltd, M/s TATA AIG General Insurance Co. Ltd and M/s The New India Assurance Co. Ltd & Standalone Health insurance partner M/s HDFC Ergo General Insurance Co. Ltd (Erstwhile AMHI) for marketing their Health insurance products. In Social Security Schemes (SSS), Bank has earned commission of ₹18.20 crore under PMJJBY & ₹3.06 crore under PMSBY. Bank has also earned renewal/trail commission from E-Syndicate Insurance and Mutual Fund partner of ₹0.98 crore.

GOVERNMENT BUSINESS

The Bank undertakes Government Business, comprising Direct and Indirect Tax collections, payment of Central Government and State Government Pensions, Handling of Postal Transactions and State Government Treasury Transactions, Public Provident Fund Scheme and Senior Citizens' Saving Scheme, issuing Sovereign Gold Bonds and SukanyaSamridhi Scheme. These products contributed to improvement of CASA and earned a fee income of ₹167.20 crore during FY2020-21.

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The Bank has been authorized as the accredited banker for Ministry of Human Resources Development (MHRD), Ministry of Culture, Ministry of Youth Affairs & Sports, Archaeological Survey of India, Ministry of Shipping, Ministry of Road Transport and Highways, Lakshadweep Administration and Unique Identification Authority of India (UIDAI), New Delhi. The Bank was implementing the National Pension System for Unorganised Sectors under Swavalamban Scheme since FY 2012-13. The Government of India has launched Atal Pension Yojana (APY) in place of Swavalamban with a view to providing defined pension to unorganised sector. The Bank could mobilise 590992 accounts under APY during the FY 2020-21.

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ORGANISATION AND SUPPORT SERVICES

Branch Network-Expanding Pan India Presence

In a bid to expand the reach, the Bank added 130 domestic branches during the year. As at March 2021, the Bank had 10416 domestic branches, including Specialized Branches.

Composition of Branch Network

Category	No. of Branches		Opened during the year
	31.03.2020	31.03.2021	
Metropolitan	1273	2113	52
Urban	1226	2094	60
Semi-urban	2004	3140	18
Rural	1826	3069	0
Overseas	5	4	0
Total domestic Branches	6329	10416	130

Note: 105 domestic branches were merged/closed during the year. 1 Overseas branch was merged/closed during the year. The total Specialized Branches of the Bank stood at 414 as at March 2021.

MANPOWER PROFILE

As at March 2021, the Bank had 88213 employees on its roll. The cadre-wise break-up of manpower is as follows:

Cadre	March 2020*	March 2021
Officer	32596	48912
Clerk	18353	26427
Sub Staff**	7683	12874
Total	58632	88213

*Figures relating to standalone/consolidated Canara Bank for pre-amalgamation period;

**includes Part Time Employees (PTEs)

Total staff strength of the Bank comprised of 55.44% Officers, 29.96% Clerks and 14.6% Sub Staff. The Women staff strength of the Bank was 27,401, constituting 31.06% of the employees. The total number of ex-servicemen staff as at March 2021 stood at 5,372. There were 2,412 Physically Challenged Employees on the rolls of the Bank.

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Reservation Policy in respect of Scheduled Castes and Scheduled Tribes, Other Backward Classes, EWS & Persons with Disabilities

The Bank has been strictly adhering to the Reservation Policy in respect of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Persons with Disabilities, EWS as per the Government of India guidelines.

The representation of SCs/STs/OBCs/EWS/DAPs employees as at March 2021 was as under:

Grade	SCs	STs	OBCs	EWS	PWDs
Officer	8663	3923	14229	63	1228
Clerk	4987	1681	7848	35	837
Sub Staff*	4780	895	3597	-	347
Total	18430	6499	25674	98	2412

*includes Part Time Employees (PTEs)

Reservation Cell is functioning in the Bank to Implement and monitor the Reservations and other provisions related to SC/ST/OBC/PWD/Ex-Servicemen & EWS employees. Further Bank has nominated Executives in the rank of GMs as Chief liaison Officer for SC/ST/Ex-Servicemen/PWD and also for EWS, OBC employees respectively, who ensure compliance of various Govt. Guidelines pertaining to Reservations.

RECRUITMENT

During the FY 2020-21 the Bank recruited 1548 persons in various cadres, out of which 241 belonged to Scheduled Castes (SCs) and 108 to Scheduled Tribes (STs), 416 belonged to Other Backward (OBC), 76 EWS category, 32 ex-servicemen and 55 PWD in various cadres and 590 were women employees.

HUMAN RESOURCE DEVELOPMENT (HRD) ACTIVITIES

- Bank introduced submission of life certificates by our ex-employee pensioners enabled through JEEVAN PRAMAAN portal.
- Performance Linked Incentive (PLI) for the FY 2020-21 has been disbursed.
- Term Insurance Cover for all employees (20 Months of their Gross Salary subject to a minimum of ₹20 lakhs to Officer Employees, ₹15 lakhs to Clerical employees and ₹10 lakhs for Subordinate employees).
- The e-Learning portal of our Bank, named “CanDLE” (Canara Digital Learning Experience) was launched. The objective of the project has been to provide an effective online learning facility for our employees for enhancing their knowledge and skills.
- The Bank has in place a robust Training Setup with the Apex Centre of Excellence at Manipal Bengaluru & 26 Learning & Development (LDCs) across the country. In addition to this, around 3200 employees have been trained at external institutes of repute like IIMs, IDRBT-Hyderabad, TISS-Mumbai, NIBM-Pune, SIBSTC-Bangalore, CRISIL-Mumbai, ASCI (Hyderabad), IIBF and CAB (RBI)-Pune.
- Bank has focused on the thrust areas like Credit Management, Risk Management, Forex in addition to the regular Orientation/Induction Programs for direct recruit Probationary Officers, Agriculture Extension Officers and Specialist Officers.

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Batches of senior executives are also undergoing the flagship Leadership program coordinated by Bank's Board Bureau. Bank has also adopted the uniform 52/26 week training structure for the newly recruited probationary officers/SWOs.

- Executives, on promotion are sent for 05 days Leadership/Executive Development Programs at institutes like IIMs, ASCI Hyderabad, TISS Mumbai etc.
- A Training Advisory Committee headed by the MD& CEO monitors and streamlines the training functions of the Bank. A shift has been made from offline classroom trainings to webinars. Our training vertical has successfully conducted about 850 programs through webinars, where around 40000 employees have participated. 3178 Employees trained at external institutes of repute.

CUSTOMER ORIENTATION

Several initiatives were taken to remain customer focused through provision of fast service, offering diversified products & services, responding to customers' queries in shortest possible time and redressal of customer complaints within the timelines stipulated.

- ✓ As per the instructions of IBA and RBI, the Bank has adopted Customer Rights Policy as advised by the RBI since July 2015, which spells out the Rights of the Customers and also responsibilities of the Banker.
- ✓ To assess the quality of customer service rendered by the branches and to get the feedback an online "Annual Survey of Depositor Satisfaction" was conducted from 04/12/2020 to 31/12/2020 with 15 predefined questionnaire.
- ✓ As per the Damodaran Committee recommendations, the Bank has appointed a Chief Customer Service Officer (CCSO), who acts as an Internal Ombudsman of the Bank.
- ✓ In order to enhance customer convenience, Bank has popularized 24/7 Self Service Functions on IVRS (Missed Call facility) for various services like Balance enquiry, Mini Statement (last 5 transactions), Hot Listing of Cards etc.
- ✓ The following Toll Free numbers are available for customers to contact within India - 18004250018 , 1800 103 0018 / 1800 208 3333 & 1800 3011 3333
- ✓ The Non Toll free number for customers calling from abroad (Outside India) is +91 80 22 06 4232.
- ✓ Call Centre is catering to customers in 9 regional languages, viz., Kannada, Malayalam, Marathi, Tamil, Oriya, Telugu, Gujarati, Bengali and Panjabi besides Hindi and English for redressal of grievances.
- ✓ The Bank has implemented online grievance redressal facility for customers to lodge their grievances under the portal Canara Public Grievance Redressal System (CPGRS). The complaints received at the Branches & Call Centres of the Bank are also integrated with the CPGRS package. Once Customer lodges a complaint he receives a ticket number by which he can track the status of complaint and upon satisfactory redressal customer receives an SMS / email notification that his complaint is resolved / redressed and provision is enabled for the customer to submit his feedback.
- ✓ The predefined Turn Around Time (TAT) for resolution of complaint at Branch Level is 6 days and on 7th day the grievances are auto escalated to next higher authority.
- ✓ On closure of grievance a SMS with web link is pushed to the customers to submit his/her feedback regarding resolution.
- ✓ Our Bank has brought out an SMS based Customer Service Feedback mechanism to measure customer satisfaction levels at branches. This feedback mechanism is used to gauge the customer service levels over the counters and helps in proving insights for rewarding our customer service champions and also taking remedial actions, wherever required.

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- ✓ Bank has introduced 'JeevanPraman' online portal for submitting Life certificate for pensioners. Facility for filing Form 15G/15H through Net Banking is enabled for the convenience of customers.
- ✓ 6 Central Processing Centers are established at Bhubaneswar, Ernakulam, Manipal, Patna, Ranchi & Vijayawada for CASA (Current Account & Savings Bank Account) account opening purposes.
- ✓ Our Bank is also a partner in the PSB Alliance which has floated Door Step Banking (DSB). Door Step Banking is popularized in 100 identified centers pan India for the benefit of all the customers including Senior Citizens & Differently abled persons. The services are provided through outside vendors through Universal Touch points i.e., Mobile App, Website & Call centers.
- ✓ There are 11 services provide through Door Step Banking, They are Pick up of Negotiable instruments (cheques/drafts/Pay orders, etc), request Account statement, Pick up of new cheque book requisition slip, Delivery of non-personalized cheque books, draft, pay orders, term deposit receipts/ acknowledgement etc, Acceptance of 15G, 15H forms, Acceptance of IT challan/ Government Business/GST, TDS/Form 16 Certificate issuance, Delivery of Prepaid instrument/Gift card, Issuing Standing Instructions, Submission of Digital Life Certificate and Cash Withdrawal,

INTERNAL OMBUDSMAN

In terms of the Reserve Bank of India guidelines, the Bank has appointed an Internal Ombudsman (IO) as an independent authority to review complaints that are partly or wholly rejected by the Bank. The IO submits periodical reports on his activities to the Customer Service Committee of the Board analyzing the pattern of complaints, for taking action to address the root cause of complaints. Changes where necessitated on the procedures/guidelines have also been carried out based on the IO's recommendations. During the year, the Bank has conducted Outreach Programmes under the auspices of Reserve Bank of India to create awareness on the Banking Ombudsman scheme at various locations.

INTERNAL CONTROL AND AUDIT

Risk based Internal Audits (RBIA) numbering **7390** were conducted along with Information System audit (IS Audit) across branches / service units as per the program for onsite RBIA for the FY 2020-21. Concurrent/continuous audits were conducted in **2210** branches / service units, of which **635** branches / service units were subjected to concurrent/continuous audit by Internal Auditors and **1575** branches / service units were subjected to concurrent audit by External Auditors, covering 70% of Advances and 50% of Deposits of the total business of the Bank. **948** branches were subjected to income/revenue audit on quarterly basis.

✓ As part of strengthening the audit process, policy has been revised to grade the branches / service units under three scales - LOW/ MODERATE & HIGH in RBIA as against the existing four scale rating of LOW, NORMAL, MODERATE and HIGH.

✓ The Bank has been continuously going for upgradation of audit packages, duly revising the checklists to include latest developments and trends in the Bank. Further, the Concurrent Audit System version upgradation was effected duly revising the checklist in line with the RBI directions. Integration of Concurrent Audit package for conducting Concurrent Audit was introduced with effect from 01.07.2021 and Concurrent Audit of all branches of amalgamated entity is enabled in the Darpan Package. RBIA / other Audit packages were integrated after amalgamation of eSyndicate branches.

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- ✓ Bank has shown NIL tolerance on frauds and in that process the Inspection / Audit policy of the Bank has been revised and accordingly the branches where fraud has been detected or serious irregularities were observed, the gradation was reassigned as “High Risk” to have more control on such branches / units.
- ✓ Off Site Monitoring of the transactions carried out in 10378 branches were reviewed under 26 parameters during 2020-2021 covering Deposits, Loans, GL transactions, Staff Transactions, newly opened accounts, premature closure of Deposits, reactivation of dormant accounts and LCs and Guarantees etc. for ascertaining any suspicious or dubious transactions. During the review of transactions, deviations which attract analysis from AML angle found were referred to the AML Cell of the Bank for further action.
- ✓ During the period FY 2020-2021 OTM section also reviewed issues like Business variations during quarter ends, Accounts transferred and re transferred , Accounts opened and closed in short duration.
- ✓ Now the transactions are being assigned to Regional Offices instead of branches for verification of the transactions and for submission of replies. Such replies are reviewed at Circle Offices concerned and are being closed.
- ✓ Inspection Wing is conducting Investigations independently on complaints emanated from VIPs, CVC, Statutory Bodies and NPA accounts of ₹10 lakhs & above where irregularities / lapses are observed. During the year 2020-21, Inspection Wing has completed 145 Investigations and submitted the reports to the concerned authorities for logical conclusion.

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RISK BASED SUPERVISION

The Bank was brought under Risk Based Supervision (RBS) regime by RBI, in lieu of Annual Financial Inspection (AFI) from FY 2014-15. Presently, the Bank has completed the 7th cycle of RBS. RBS framework is named as Supervisory Programme for Assessment of Risk and Capital (SPARC). Under SPARC, a detailed qualitative and quantitative assessment of the Bank’s risks is made by RBI on an on-going basis through a combination of offsite analysis of the data and information furnished by the Bank as well as the findings of the on-site Inspection for supervisory Evaluation (ISE).

KNOW YOUR CUSTOMERS (KYC)/AML/CFT

The Bank is committed to implement the KYC/AML/CFT norms in its completeness and has zero tolerance towards non-compliance. To ensure this, the Bank has put robust systems and processes in place. Advisories issued by the regulators with respect to designated individuals/entities are scrupulously followed. Regular training is provided to staff members to increase their awareness on matters regarding KYC/AML/CFT.

IMPLEMENTATION OF OFFICIAL LANGUAGE

The Bank has attained many milestones in Implementation of Official Language Hindi and won prizes at various levels during the year under review. As at March 2021, more than 86% of employees possess working knowledge in Hindi and the Bank has complied with the requirement of notification of branches under Rule 10(4) of OL Rules 1976. All these

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employees who possess working knowledge in Hindi have been trained in functional Hindi through Hindi workshops. During the year under review, Bank has conducted 217 such workshops.

In the sphere of using Information Technology in the Official Language, Hindi version of the Core Banking Solution (CBS) of our Bank has been made live during the report year. At the same time the Bank has furthered the use of Unicode package for word processing by training the employees for use of more and more Hindi through Unicode standard and the Bank has made provision in ATM screens of the Bank for carrying transaction in 08 Regional languages. Apart from Hindi and English, transaction slips can be obtained in Malayalam, Tamil, Telugu, Kannada, Bengali, Gujarati, Punjabi and Marathi from our ATMs (For transactions done in concerned language). Apart from this, an online package has been made live during the report year for submission of quarterly report on progressive use of Hindi, i.e. STR-18.

Official Language Implementation Committees have been constituted at all levels i.e., Head Office, Circle Offices, ROs and in all the branches of the Bank for reviewing progress made in use of Hindi by conducting quarterly meetings promptly. Our Bank is the convener for the Town Official Language Implementation Committee at Agra, Bhagpat, Etah, Faridabad, Gaziabad, Gurugram, Hatharas, Kasganj, Meerut, Ananthapuram, Coimbatore, Dindigul, Kannur, Karwar, Kamareddy, Ongole, Sangareddy, Udupi, Vijaypura and Thiruvananthapuram and the meetings are being conducted promptly.

In view of making Hindi as business language, Bank has released a slogan “हिंदीप्रयोगमेंवृद्धि, ग्राहकसेवामेंसंवृद्धि” on 01 September 2020 during Inaugural function of Hindi Month 2020. As an innovative measure to popularize Banking in Hindi, a programme named “Hindi Mein Paricharcha” (Discussion programme in Hindi) on contemporary Banking subjects was conducted in all four quarters at all Administrative Office level, staff members of all cadres participated actively and the programme was opined as very useful and educative.

Notable Initiatives in Regional Languages

Apart from Hindi and English, importance is being given to all regional languages along with Hindi in B and C Regions.

A few initiatives are as under:

- ✓ In accordance with OL rules, importance is being given to Regional languages along with Hindi in B and C regions, mostly letters received in Regional Language are being replied in that Regional Language.
- ✓ In order to motivate staff member regarding rendering customer service in regional language the Bank has released a slogan “Be vocal for local: - Learning Local Language is a skill to win over the hearts of local people” along with various initiatives.
- ✓ Forms used by the customers like account opening form, withdrawals slips, pay-in slips, application for NEFT / RTGS etc. are made available in trilingual - i.e. respective regional language, Hindi and English, and can be indented through package.
- ✓ ATM Transactions are made available in 8 Indian Languages for the convenience of customers -Tamil, Telugu, Kannada, Marati, Gujarati, Malayalam, Bengali and Punjabi.
- ✓ In ‘B’ and ‘C’ Regions, as per the Official Language Rules all the name boards, informatory boards are displayed in Regional Language also.
- ✓ Banners are displayed and Publicity Materials are made available in Regional Languages.
- ✓ Bank Advertisements and Notices in regional newspapers are being published in concerned regional Languages.
- ✓ Communications with regard to issue of notices for recovery of loans etc. are being sent in Regional Languages.

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VIGILANCE SETUP

Vigilance set up at Head Office level comprises of Chief Vigilance Officer, who is assisted by the Executives and staff of Vigilance Department at HO. The Chief Vigilance Officer is also assisted by Vigilance Officers at Circles/HO/RRBs/other subsidiaries of the Bank in Vigilance administration. The Vigilance Management in the Bank under the supervision/guidance of CVO administers various functions on preventive, participative, proactive and punitive aspects of vigilance with more emphasis on preventive vigilance measures to eliminate / minimise factors which provide opportunities for frauds, corruption and malpractices in the organization and also to take punitive action as a deterrent measure to check recurrence of such instances.

‘Vigilance Awareness Week’ was observed in our Bank from 27th October 2020 to 2nd November 2020, with the theme “Satark Bharat, Samridhi Bharat (Vigilant India-Prosperous India) “and all the Branches/Offices have actively participated in conducting various activities such as administering Integrity Pledge, Seminars, Workshops, Customer Grievance Redressal Meetings, Awareness Sabhas in Gram Panchayats, Panel Discussions, Competitions in Schools/Colleges (viz. Essay Writing, Debate & Quiz Competitions) etc to bring awareness in Society about the ill effects of Corruption. Online training sessions were conducted for employees of the Bank regarding disciplinary matters, procurements and corporate governance.

Important case studies with the modus-operandi of the fraud, in cases where frauds are observed, is uploaded in CANNET for the benefit of employees to enable them to be more vigilant in day-to-day functions.

Systemic improvements are periodically suggested based on the lapses observed while determining vigilance angle in respect of IACs.

To bridge the knowledge gap at the operational level a “Compendium on Preventive Vigilance” was brought out during the occasion and is available in CANNET for the benefit of all Canarites.

Implementation of Indian Accounting Standards

As per RBI guidelines, the Bank is in the process of implementing the Indian Accounting Standards (Ind AS). A Project Steering Committee headed by Executive Director has been formed to take the required steps on a continuous basis for smooth convergence. RBI, vide its communication ref : DBR.BP.BC.No.29/ 21.07.001/2018-19 dated 22nd March,2019 has deferred implementation of Ind AS for all Scheduled Commercial Banks till further notice. Bank is submitting Pro-Forma Financial Statements to RBI for every quarter as per the guidelines of RBI.

FINANCIAL SUPERMARKET

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 eight Domestic Subsidiaries, one Associate Company and one Joint Venture in diversified fields. All the Domestic Subsidiaries/Associate/Joint Venture of the Bank recorded satisfactory performance during the year 2020-21.

CANFIN HOMES LIMITED (CFHL):

M/s Canfin Homes Limited, a sponsored entity of Canara Bank is one of the premier housing finance entities in the country. The bank holds 29.99% stake with the company. The loans outstanding of the Company as at March 2021 were ₹22105 crore. The Company earned a profit after tax of ₹456.06 crore as against ₹376.12 crore in the previous year, with y-o-y growth of 21.25%. Gross NPAs of the Company was ₹201.91 crore (0.91%) and Net NPA was ₹134.33 crore (0.61%) as on 31.03.2021. The Company proposed 100% dividend for the year 2020-21.

CANARA HSBC ORIENTAL BANK OF COMMERCE LIFE INSURANCE COMPANY LIMITED:

M/s Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd (CHOICE) is a Life Insurance Joint Venture floated by the Bank in association with HSBC Insurance (Asia Pacific) Holding Limited and Oriental Bank of Commerce in the year 2007. The JV commenced its business operations with effect from 16.06.2008, with majority shareholding of 51% by Canara Bank, followed by HSBC (26%) and Punjab National Bank (e-OBC) (23%). The Company recorded gross premium of ₹5026.4 crore during the year. The Company achieved a statutory profit of ₹94.62 crore for FY 2020-21.

CANARA ROBECO ASSET MANAGEMENT CO LIMITED (CRAMC):

M/s Canara Robeco Asset Management Company Limited is a joint venture (JV) with M/s Robeco Group NV with the Bank's holding of 51% Stake. This JV was formed in 2007 divesting 49% Stake held by the Bank in M/s Can Bank Mutual Fund in favour of M/s Robeco Group N V. The Company is currently managing 24 Mutual Fund Schemes with a mix of equity, balanced and debt schemes. The Company has declared a net profit of ₹36.29 crore and has also declared a dividend of 200% for the current financial year.

CANARA BANK SECURITIES LIMITED (CBSL):

M/s Canara Bank Securities Limited is a wholly owned subsidiary of the Bank. CBSL has taken over the Depository participant services from Canara Bank w.e.f. 01.04.2017. M/s Canara Bank Securities Ltd is extending Online Trading Facility to DP clients. The Company offers stock broking services to both institutional and retail clients. Company has launched opening of Instant Demat Cum Trading Accounts for Canara Bank Customers directly through online mode (digital KYC) "CAN-INSTIGO-DIY". The Company has declared a profit after tax of ₹14.91 crore and has declared a dividend of 35.00% for the year 2020-21.

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CANBANK FACTORS LIMITED (CFL):

M/s Canbank Factors Limited is a factoring Subsidiary of the Bank with 70% stake held by the Bank. During 2020-21, the Company had a total business turnover of ₹1469.98 crore registering a growth of 13% as compared to Previous Year. The Company has made a profit of ₹2.54 crore for the current year.

CANBANK VENTURE CAPITAL FUND LIMITED (CVCFL):

M/s Canbank Venture Capital Fund Limited is a wholly Owned Subsidiary of the Bank and the Trustee and Manager of Canbank Venture Capital Fund Trust. The company has managed 5 funds so far with total Asset under Management of ₹552.78 crore. CVCFL has been appointed by the Ministry of Electronics and Information Technology (MeitY) to manage the Electronic Development Fund (EDF) with a corpus of ₹2206 crore.

Another new fund named as “Empower India Fund” is setup with a target corpus of ₹500 crore with green shoe option of ₹150 crore. The initial closing is done and available for investment. The Company recorded a profit after tax of ₹3.10 crore during the year 2020-2021 and has declared dividend of 500%.

CANBANK COMPUTER SERVICES LIMITED (CCSL):

M/s Canbank Computer Services Limited is the only Software Company promoted by a Public Sector Bank in the country, with a 69.14% shareholding by the Bank. CCSL is mainly engaged in IT and Software development services, BPO services, ATM / Any Time Payment services, Training, Consultancy and R&T agent. The Company has posted a profit after tax of ₹3.40 crore for FY 2020-21.

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CANBANK FINANCIAL SERVICES LIMITED (CANFINA):

M/s Canbank Financial Services Limited is confining its activities to legal matter arising out of past transactions in securities and recovery of dues under decreed accounts. Company has posted a profit of ₹1.27 crore for the year 2020-21 by way of receipt of dividends.

SYNDBANK SERVICES LIMITED (SBSL):

M/s SyndBank Services Limited is wholly owned Subsidiary of e-Syndicate Bank was incorporated under Companies Act 1956 on 25.01.2006. At present, the company is not undertaking any activity and is only pursuing arbitration process against vendor M/s. CMS Info Systems Ltd. for the misappropriation case amounting to ₹2.05 crore in the High Court of Karnataka as per the directions of the Company’s Board. Company has posted a profit of ₹1.19 crore for FY 2020-21 and has declared dividend of ₹1 crore during the FY for the first time.

HIGHER EDUCATION FINANCING AGENCY [HEFA]:

Higher Education Financing Agency (HEFA), is a not-for profit organization, set up by the Bank under a joint venture share holder agreement with the Ministry of Human Resource Development (MHRD), Government of India.

HEFA has been set up for developing the educational infrastructure, including R&D infrastructure thereby enabling the institutions to reach top rankings globally. MHRD extended the scope of existing mandate of HEFA equity base and range of institutions to be financed. As on 31.03.2021, MHRD has infused Capital of ₹4812.50 crore and Canara Bank

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has contributed ₹481.25 crore respectively. The total loans sanctioned as on 31.03.2021 is ₹31413.8 crore and disbursed is ₹11308.06 crore. HEFA has disbursed ₹3678 crore of loans to different institutions during FY 2020-21 and Bank has received ₹36.78 crore of Management Fee.

Regional Rural Banks (RRBS)

As at March 2021, the Bank had four sponsored RRBs, viz., Kerala Gramin Bank (KeGB) in Kerala, Karnataka Gramin Bank (KaGB) and Karnataka Vikas Grameena Bank (KVGB) in Karnataka and Andhra Pragathi Grameena Bank (APGB) in Andhra Pradesh.

Andhra Pragathi Grameena Bank (APGB) operates in 5 districts of Andhra Pradesh with 552 branches and 109 ATMs. Total business of the Bank as at March 2021 is ₹36640 crore. (Deposits: ₹18431 crore, Advances: ₹18208 crore) (Provisional Figures).

Kerala Gramin Bank (KeGB) operates in all 14 districts of Kerala with 634 branches & 320 ATMs. The total business of the Bank as at March 2021 is ₹38607 crore. (Deposits: ₹20150 crore, Advances: ₹18457 crore) (Provisional Figures).

Karnataka Gramin Bank (KaGB) operates in 21 districts of Karnataka with 1134 branches & 236 ATMs. The total business of the Bank as at March 2021 is ₹55865 crore. (Deposits: ₹31068 crore, Advances: ₹24797 crore) (Provisional Figures).

Karnataka Vikas Grameena Bank (KVGB) operates in 9 districts of Karnataka with 629 branches & 76 ATMs. The total business of the Bank as at March 2021 is ₹27818 crore. (Deposits: ₹16100 crore, Advances: ₹11718 crore) (Provisional Figures).

Aggregate business of the RRBs increased to ₹1,58,930 crore as at March 2021 (Provisional Figures) with a y-o-y growth of 9.45 % comprising Deposits of ₹85,749 crore and Advances ₹73,181 crore. Through the Bank's infrastructure support, the RRBs are extending facilities, like, ATM cum Debit Card services and installed 741 ATMs/Cash Dispenser as at March 2021. The sponsored RRBs are 100% CBS compliant and are ahead of their peer RRBs under technology front by extending IT based products, like Internet Banking, Mobile Banking, RuPay Debit Card services and also Aadhaar enabled services and remittance facilities through NEFT/RTGS to their customers. The RRBs have put in place Cheque truncation system and e-KYC technology.

CORPORATE SOCIAL RESPONSIBILITY

Following the 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, scholarship to meritorious SC/ST Girl students, repair of schools and providing of other infrastructural facilities to needy educational institutes, providing primary health care, drinking water, community development, empowerment of women, environment protection, swatch Bharat and other social initiatives. A few social initiatives are outlined below.

- ✓ Cumulatively, the Bank has sponsored/ co-sponsored 78 training institutes, which have trained more than 10.93 lakh unemployed youth so far, with a settlement rate of 73%.
- ✓ The Bank has donated 4 hi-tech, custom- built, solar powered 'Retail Mobile Marketing Van' to assist women entrepreneurs, SHGs and artisans to market their products.

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- ✓ Canara VidyaJyothi Scholarship scheme to meritorious SC/ST Girl Students. During FY 2020-21, 7606 students have been benefitted utilizing a total amount of ₹2.89 crore.
- ✓ Financial assistance for combating poverty & malnutrition to persons with disability (PWD), homeless and people effected by floods & Pandemic COVID-19 for supporting to lead a better life.
- ✓ During the difficulties of COVID-19 situation, the Bank has taken efforts to ensure that the difficulties faced by the general public are redressed to the maximum extent possible.
- ✓ Providing of Food packets, groceries, Medical Kits, Distribution of Blankets Ambulance van are among the few activities that were being organized.
- ✓ Under CSR the Circles have also organized various activities as mentioned above.
- ✓ Bank has also assisted Differentially abled people by providing Wheel Chairs, tricycles, Walking sticks etc.,
- ✓ Bank also provided financial support for the welfare of Ex-service men.
- ✓ Families of COVID-19 victims were identified and they were provided with financial assistance.
- ✓ During the FY 2020-21, under the Sustainable & Development Corporate Social Responsibility (SD&CSR) initiatives of the Bank, the Bank has spent to the tune of ₹24.71 crore to various sectors like Skill development, Financial Inclusion, Women Empowerment activities, Education, Environment protection, Health, Poverty & Nutrition, Person with Disability, Rural Development, Swatch Bharat, & Sports & other Sectors.

Visits by Parliamentary Committee

During the year 2020-21, Standing Committee on Urban Development (2020-21) and National Commission for Backward Classes, conducted Study Visits and reviewed our Bank's performance.

AWARDS/ACCOLADES & ACHIEVEMENTS: Restricted

- ✓ In IBA's 16th Annual Banking Technology Awards, Canara Bank received Joint Runner-up award for Best Payment Initiatives.
- ✓ Canara Bank received Finnoviti 2021 award for Integration of Govt Scheme Demat Trading Insurance.
- ✓ Public Relations Council of India has given bronze award for our in-house Magazine Shreyas under House Journal - Print (English) category.
- ✓ In 59th ABCI Annual Awards, Canara Bank's in-house Magazine "Canara Jyothi" has received awards under "Indian Language Publication" and "special column (language)" categories.
- ✓ Canara Bank has received "Award of par Excellence" in APY Big Believers 3.0 (ABB) organised by PFRDA.
- ✓ Canara Bank has received "Exemplary Award" from PFRDA for achievement under Atal Pension Yojana "Old Age Financial Freedom Fighters".
- ✓ Canara Bank has received "Certificate of Excellence - Amazing Achievers of APY" from PFRDA.

CHANGE IN DIRECTOR, INCLUDING MANAGING DIRECTOR/ WHOLE-TIME DIRECTOR

Sl No.	Name Designation	Designation	Date of Appointment	Date of Cessation
1	Shri T N Manoharan	Chairman	14.08.2018	13.08.2020
2.	Shri S Krishnan	Executive Director	01.04.2020	03.09.2020
3.	Shri MatamVenkata Rao	Executive Director	09.10.2017	28.02.2021
4.	Shri Debashish Mukherjee	Executive Director	19.02.2018	10.02.2021 Extended till 10.02.2023
5.	Shri K Satyanarayana Raju	Executive Director	10.03.2021	09.03.2024

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Board of Directors

(Appointment/Cessation of Directors during the year 2020-21)

Appointments:

Shri K Satyanarayana Raju was appointed as Executive Director w.e.f 10.03.2021, by the Central Government u/s 9 (3) (a) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 until further.

Cessations:

Shri T N Manoharan ceased to be **Chairman** w.e.f 13.08.2020 upon completion of tenure.

Shri S Krishnan ceased to be Executive Director w.e.f. 03.09.2020 upon elevation to Managing Director and Chief Executive Officer of Punjab & Sind Bank.

Shri Matam Venkata Rao ceased to be Executive Director w.e.f 28.02.2021 upon elevation to Managing Director and Chief Executive Officer of Central Bank of India.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, in preparation of the annual accounts for the year ended March 31, 2021, confirm the following:

- That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- That they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit or loss of the Bank for the period.
- That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of applicable laws governing banks in India for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- That they had prepared the annual accounts on a going concern basis.
- Internal financial controls followed by the Bank are in accordance with guidelines and that such internal financial controls are adequate and were operating effectively.
- The directors had devised proper systems to ensure compliance with the provision of all applicable laws and that such systems were adequate and operating effectively.

SECRETARIAL AUDIT FOR FINANCIAL YEAR 2020-21

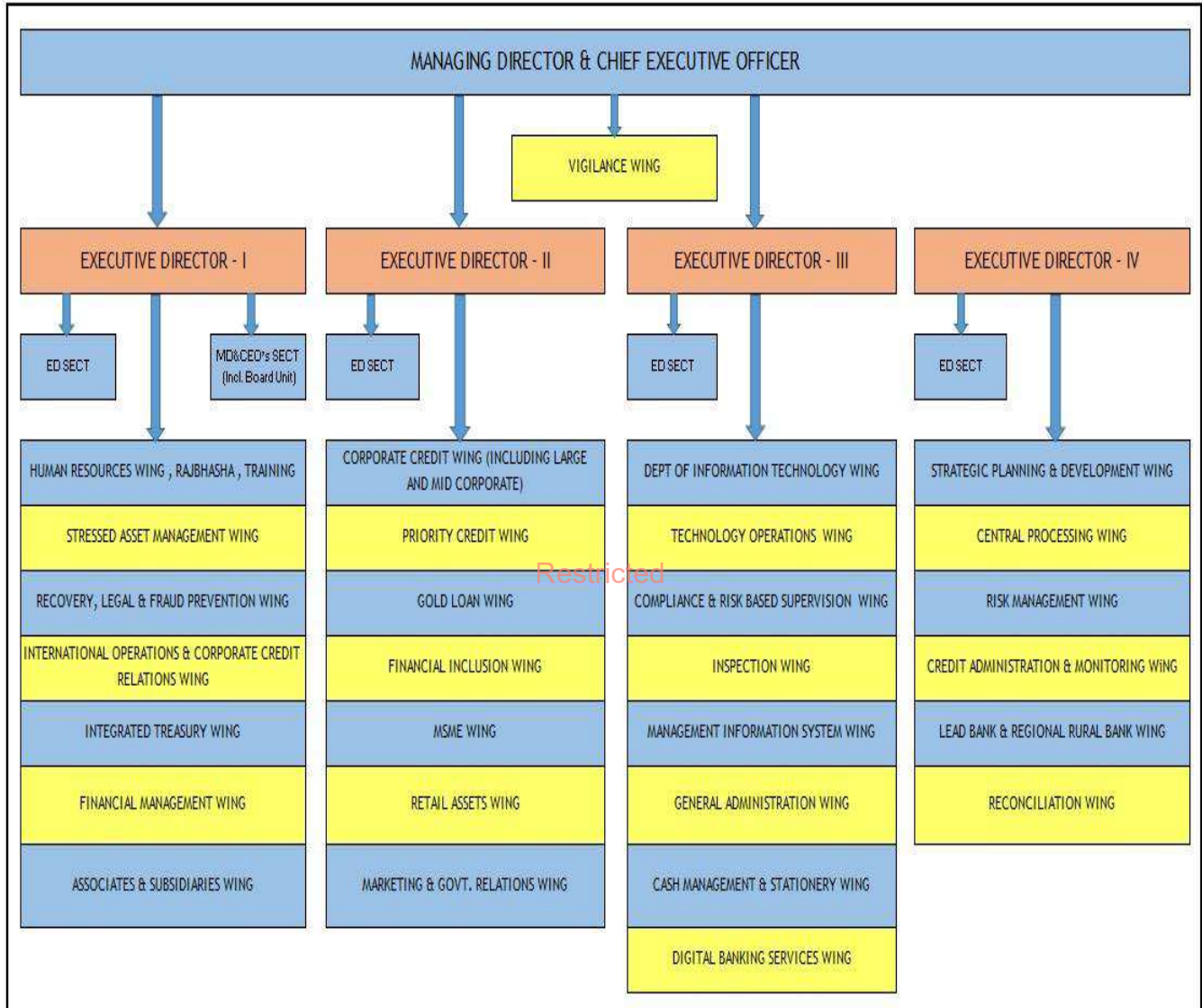
Pursuant to the requirements of Regulation 24A of the SEBI (LODR) Regulations, 2015 & SEBI Circular CIR/CFD/CMD1/27/2020 dated February 08, 2020, the Bank has appointed Mr. S. VISWANATHAN Practicing Company Secretary (CP No. 5284) as the Secretarial Auditor for 2020-21 and their report addressed to the members of the Bank which forms part of this Annual Report is attached as an annexure to the Board's report.

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iii. Corporate Structure:

Organizational chart

HEAD OFFICE ORGANISATIONAL STRUCTURE



iv. RISK FACTORS

Investors should carefully consider the risks described below, together with the risks described in the other sections of this Placement Memorandum before making any investment decision relating to the Bonds. The occurrence of any of the following events could have a material adverse effect on the Bank's business including the quality of its assets, its liquidity, its financial performance, its ability to implement its strategy and its ability to repay the interest or principal on the Bond in a timely fashion or at all.

Before making an investment decision, prospective investors should carefully consider all of the information contained in this Placement Memorandum, including the financial statements included in this Placement Memorandum.

RISKS RELATING TO THE BANK'S BUSINESS

The Bank's business is particularly vulnerable to interest rate risk, and volatility in interest rates could adversely affect its net interest margin, the value of its fixed income portfolio, its income from treasury operations and its financial performance.

The Bank could be adversely impacted by a rise in generally prevailing interest rates on deposits, especially if the rise were to be sudden or sharp. If such a rise in interest rates were to occur, the Bank's net interest margin could be adversely affected because the interest paid by the Bank on its deposits could increase at a higher rate than the interest received by the Bank on its advances and other investments. The requirement that the Bank maintain a portion of its assets in fixed income government securities could also have a negative impact on its treasury income because the Bank typically earns interest on this portion of its assets at rates that are generally less favorable than those typically received on its other interest-earning assets. In addition, other members of the Group carrying on banking and / or lending operations are subject to similar risks.

The Bank is also exposed to interest rate risk through its treasury operations, its other Subsidiaries. A rise in interest rates or greater interest rate volatility could adversely affect the Bank's income from treasury operations or the value of its fixed income securities trading portfolio. Sharp and sustained increases in the rates of interest charged on floating rate home loans, which are a material proportion of its loan portfolio, would result in extension of loan maturities and higher monthly installments due from borrowers, which could result in higher rates of default in this portfolio.

An increase in the Bank's portfolio of NPAs and provisioning requirements mandated by the RBI may adversely affect its business.

The Bank's NPAs have generally been on the rise historically. The Bank's NPAs may continue to increase in the future and any significant increase in NPAs may have a material adverse effect on the Bank's financial condition and results of operations. The Bank's NPAs can be attributed to several factors, including increased competition, slow industrial and business growth in recent years, high levels of debt involved in financing of projects, and significant borrowings by companies in India at relatively high interest rates.

Although the Bank's loan portfolio includes loans to a wide range of businesses and industries, financial difficulties experienced by the Bank's customers or by particular sectors of the Indian economy, such as the infrastructure sector, the real estate sector and the agriculture sector, to which the Bank has significant exposure, could significantly increase the Bank's level of NPAs and materially and adversely affect its business, future financial performance. Economic downturns experienced in priority sectors would likely have a material and direct adverse effect on the Bank's NPA levels.

There can be no assurance that the percentage of NPAs that the Bank will be able to recover will be similar to the Bank's past experience of recoveries of NPAs. The Bank's retail loan portfolio has grown over the years, but there is limited data on historical loss ratios in retail loans, especially in the event of an economic slowdown. Furthermore, the global economic slowdown, inconsistent industrial growth and the impact of global and Indian economic conditions on equity and debt markets may also lead to an increase in the level of NPAs in the Bank's corporate loan portfolio.

While the Bank has already made provisions for NPAs, there can also be no assurance that the RBI will not further increase provisioning requirements in the future. Any future increases in provisions mandated by the RBI or other regulatory changes could lead to an adverse impact on the Bank's business and future financial performance.

The Bank is required to maintain its capital adequacy ratio at the minimum level required by the RBI for Indian banks. There can be no assurance that the Bank will be able to maintain this ratio in the future

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The RBI required Indian banks to maintain a minimum Tier I capital adequacy ratio and a minimum risk weighted total capital adequacy ratio under the Basel III framework. The Bank is also required to maintain an additional buffer in the form of CET 1. The Bank is exposed to the risk of the RBI increasing the applicable risk weight for different asset classes from time to time. There can be no assurance that the Bank will be able to maintain this ratio in the future.

In addition, there can be no assurance that the GoI will provide additional capital infusions or that the Bank will be able to raise adequate additional capital from other sources in the future on terms favorable to it or at all. Moreover, if the Basel Committee on Banking Supervision (the "Basel Committee") releases additional or more stringent guidance on capital adequacy norms which are given the effect of law in India in the future, the Bank may be forced to raise or maintain additional capital in a manner which could materially adversely affect its business, financial condition and results of operations.

The level of restructured loans in the Bank's portfolio may increase and the failure of its restructured loans to perform as expected could affect the Bank's business

The Bank's assets include restructured standard loans. As a result of slowing economic activity and the limited ability of corporations to access capital due to volatility in global markets, there has been an increase in restructured loans in the banking system in the recent past, including within the Bank's portfolio. The loan portfolio of the Bank's international branches and Subsidiaries also includes foreign currency loans to Indian companies for their Indian operations as well as for their international *Private &* operations, including cross border acquisitions. This exposes the Bank to specific additional risks including the failure of the acquired entities to perform as expected and the Bank's inexperience in various aspects of the economic and legal framework in international jurisdictions. Furthermore, the quality of the Bank's long-term project finance loan portfolio may be adversely impacted by several factors. Economic and project implementation challenges, in India and internationally, could result in additions to restructured loans and the Bank may not be able to control or reduce the level of restructured loans in its project and corporate finance portfolio.

The Bank restructures assets based on a borrower's potential to restore its financial health. However, certain assets classified as restructured may subsequently be classified as delinquent or non-performing in the event a borrower fails to restore its financial viability and honor its loan servicing commitments to the Bank. There can be no assurance that the debt restructuring criteria approved by the Bank will be adequate or successful and that borrowers will ultimately be able to meet their obligations under restructured loans.

The combination of changes in regulations regarding restructured loans, provisioning, and any substantial increase in the level of restructured assets and the failure of these structured loans to perform as expected could materially adversely affect the Bank's business and future financial performance.

The Bank is exposed to various industry sectors. Deterioration in the performance of any of these industry sectors where the Bank has significant exposure may adversely impact the Bank's business

The Bank is exposed to risk of significant deterioration in the performance of a particular sector which may be driven by events not within the Bank's control. For instance, regulatory action or policy announcements by the GoI or state government authorities, may adversely impact the ability of borrowers in that industry to service their debt obligations to the Bank. While the Bank's portfolio contains loans to a wide variety of businesses, there can be no assurance that financial difficulties in any of these industrial sectors will not increase the level of NPAs and restructured assets, and will therefore adversely affect the Bank's business and its future financial performance.

If the Bank fails to maintain desired levels of customer deposits or loans, its business operations may be materially and adversely affected

Customer deposits are the Bank's primary source of funding. However, many factors affect the growth of deposits, some of which are beyond the Bank's control, such as economic and political conditions, availability of investment alternatives and retail customers' changing perceptions toward savings. For example, retail customers may reduce their deposits and increase their investment in securities for a higher return, while SMEs and mid-corporate customers may reduce their deposits in order to fund projects in a favorable economic environment. In the event of a decrease in deposits, the Bank may be required to pay higher interest rates to attract deposits, which could adversely affect the Bank's performance. If the Bank fails to maintain its desired level of deposits, the Bank's liquidity position, financial condition and results of operations may be materially and adversely affected. In such an event, the Bank may need to seek more expensive sources of funding, and it is uncertain whether the Bank will be able to obtain additional funding on commercially reasonable terms as and when required. The Bank's ability to raise

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additional funds may be impaired by factors over which it has little or no control, such as deteriorating market conditions or severe disruptions in the financial markets.

Conversely, the Bank may not be able to reduce its deposits if it experiences surplus liquidity. The Bank must find ways to lend surplus funds to existing or new borrowers in order to earn interest income and protect its net interest margin. If the Bank cannot secure sufficient loan volumes or earn sufficient interest on its lending, due to economic conditions or other factors, its ability to earn income and maintain and increase its net interest margin may be materially adversely affected.

The Bank may experience delays in enforcing its collateral when borrowers default on their obligations to the Bank, which may result in failure to recover the expected value of collateral security, exposing it to a potential loss

A substantial portion of the Bank's loans to corporate customers are secured by real assets, including property, plant and equipment. The Bank's loans to corporate customers also include working capital credit facilities that are typically secured by a first charge on inventory, receivables and other current assets. In some cases, the Bank may have taken further security of a first or second charge on fixed assets and a pledge of financial assets including marketable securities, corporate guarantees and personal guarantees. A substantial portion of the Bank's loans to retail customers is also secured by the financed assets, predominantly property and vehicles. Although the Bank's loans are typically adequately collateralized, an economic downturn could result in a fall in the values of relevant collateral for the Bank.

In India, foreclosure on immovable property generally requires a written petition to an Indian court or tribunal. An application, when made, may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the immovable property. Security created on shares of a borrower can be enforced without court proceedings. However, there can be delays in realization in the event that the borrower challenges the enforcement in an Indian court. The Bank may not be able to realize the full value on its collateral as a result of, among other factors, delays in bankruptcy and foreclosure proceedings, any defects in the registration of collateral and any fraudulent transfers by borrowers. A failure to recover the expected value of collateral security could expose the Bank to a potential loss. Any unexpected losses could adversely affect the Bank's business and its future financial performance.

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Significant fraud, system failure or calamities would disrupt the Bank's revenue generating activities in the short-term and could harm its reputation and adversely impact its revenue-generating capabilities.

The Bank's business is highly dependent on its ability to efficiently and reliably process a high volume of transactions across numerous locations and delivery channels. It places heavy reliance on its technology infrastructure for processing this data and therefore ensuring system security and availability is of paramount importance. The Bank's systemic and operational controls may not be adequate to prevent adverse impact from frauds, errors, hacking and system failures. A significant system breakdown or system failure caused due to intentional or unintentional acts would have an adverse impact on the Bank's revenue-generating activities and lead to financial loss.

The Bank's reputation could be adversely affected by fraud committed by employees, customers or outsiders, or by its perceived inability to properly manage fraud-related risks. The Bank's inability or perceived inability to manage these risks could lead to enhanced regulatory oversight and scrutiny.

The Bank has established a geographically remote disaster recovery site to support critical applications, and it believes that it will be able to restore data and resume processing. However, it is possible the disaster recovery site may also fail or it may take considerable time to make the system fully operational and achieve complete business resumption using the alternate site. Therefore, in such a scenario, where the primary site is completely unavailable, there may be significant disruption to the Bank's operations, which could materially adversely affect its reputation and financial condition.

The Bank has a large portfolio of government securities that may limit its ability to deploy funds in higher yield investments.

As a result of reserve requirements under applicable laws in India, the Bank is more structurally exposed to interest rate risk than banks in many other jurisdictions. Under applicable RBI regulations, the Bank's liabilities are subject to the SLR requirement, which requires that a minimum specified percentage of a bank's net demand and term liabilities be invested in approved securities. The SLR requirements are subject to increase by the RBI in order to curb inflation or absorb excess liquidity. The Bank earns interest on such government securities at rates which are less favorable than those which it typically receives in respect of its retail and corporate loan portfolio, and this

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adversely impacts the Bank's net interest income and net interest margin. In addition, the market and accounting value of such securities could be adversely affected by overall rising interest rates.

Although many of these government securities are short-term in nature, the market value of the Bank's holdings could decrease if interest rates increase. In such cases, the Bank may have to choose between liquidating its investments and incurring losses, or holding the securities and potentially being required to recognize an accounting loss upon marking to market the value of such investments, and either outcome may adversely impact its financial condition

The Bank is subject to credit, market and liquidity risk which may have an adverse effect on its credit ratings and its cost of funds

To the extent any of the instruments and strategies the Bank uses to hedge or otherwise manage its exposure to market or credit risk are not effective, the Bank may not be able to mitigate effectively its risk exposures, in particular to market environments or against particular types of risk. The Bank's balance sheet growth will be dependent upon economic conditions, as well as upon its determination to sell, purchase, securitize or syndicate particular loans or loan portfolios. The Bank's trading revenues and interest rate risk exposure are dependent on its ability to properly identify, and mark to market, changes in the value of financial instruments caused by changes in market prices or rates. The Bank's earnings are dependent upon the effectiveness of its management of migrations in credit quality and risk concentrations, the accuracy of its valuation models and its critical accounting estimates and the adequacy of its allowances for loan losses. To the extent its assessments, assumptions or estimates prove inaccurate or not predictive of actual results, the Bank could suffer higher than anticipated losses. The successful management of credit, market and operational risk is an important consideration in managing its liquidity risk because it affects the evaluation of its credit ratings by rating agencies. Rating agencies may reduce or indicate their intention to reduce the ratings at any time. The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in its ratings. Any reduction in the Bank's ratings (or withdrawal of ratings) may increase its borrowing costs, limit its access to capital markets and adversely affect its ability to sell or market its products, engage in business transactions, particularly longer-term and derivatives transactions, or retain its customers. This, in turn, could reduce its liquidity and negatively impact its operating results and financial condition.

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If the Bank is unable to adapt to rapid technological changes, its business could suffer. Implementation of new information technology systems may result in technical difficulties

The Bank's future success will depend in large part on its ability to respond to technological advances and to emerging banking industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entail significant technical and business risks. There can be no assurance that the Bank will successfully implement new technologies effectively or adapt its transaction processing systems to meet customer requirements or emerging industry standards. Such technology updates may result in significant costs of the Bank. If the Bank is unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, its business and the future financial performance of the Bank could be materially affected.

As the Bank implements additional IT platforms which become integral to the Bank's product offering, unforeseen technical difficulties may cause disruption in the Bank's operations. The Bank has significantly upgraded its technology infrastructure in the recent past. The Bank has, in the past, experienced disruptions such as the disruption of uploading of bulk transactions for a day. Such disruptions could significantly affect the Bank's operations and quality of its customer service and could result in business and financial losses. As the Bank's risk management systems evolve and as its operations become more reliant upon technology to manage and monitor its risk, any failure or disruption could materially and adversely affect its operations and financial position.

Any inadequacy in complying with the regulatory requirements and standards specified by regulatory authorities in the various jurisdictions in which the Bank operates may attract penalties or other punitive action against the Bank

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The international branches of the Bank are required to ensure compliance with applicable regulatory requirements and standards applicable to such operations in the relevant jurisdiction. These requirements include monitoring systems and controls, risk management infrastructure and processes and other related regulatory requirements. The failure to introduce any such measures, infrastructure or processes in a timely manner may lead to regulatory action including potential penalties and other punitive measures. Any adverse action initiated by such international regulatory authorities may adversely affect the Bank's business, financial performance and reputation.

The Bank is exposed to fluctuations in foreign exchange rates which could adversely affect the Bank's business and future financial performance.

As a financial institution with operations in various countries, the Bank is exposed to significant exchange rate risks. The Bank complies with regulatory limits upon its unhedged foreign currency exposure by making foreign currency loans on terms that are generally similar to its foreign currency borrowings and thereby transferring the foreign exchange risk to the borrower or through active use of cross-currency swaps and forwards to generally match the currencies of its assets and liabilities. However, the Bank is exposed to fluctuations in foreign currency rates for its unhedged exposure. Any adverse movement in foreign currency exchange rates may also impact the Bank's borrowers adversely, which may in turn impact the quality of its exposure to these borrowers. Volatility in foreign exchange rates could adversely affect the Bank's business and future financial performance.

There are operational risks associated with the banking and financial services industry which may have an adverse impact on the Bank's business.

The Bank, like all financial institutions, is exposed to many types of operational risks, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing its business activities), or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. The Bank outsources some functions to other agencies, such as certain data entry, ATM management and rural outreach bank correspondent functions. Given its high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, its dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. The Bank may also be subject to disruptions of its operating systems arising from events that are wholly or partially beyond its control (including, for example, computer viruses or electrical or telecommunication outages, cyber-attacks, and natural calamities), which may give rise to a deterioration in customer service and to loss or liability to the Bank. The Bank is further exposed to the risk that external vendors may be unable to fulfill their contractual obligations to the Bank (or will be subject to the same risk of fraud or operational errors by their respective employees as the Bank is), and to the risk that its (or its vendors') business continuity and data security systems prove not to be sufficiently adequate. The Bank also faces the risk that the design of its controls and procedures may prove inadequate, or are circumvented, thereby causing delays in detection or errors in information. Although the Bank maintains a system of controls designed to keep operational risk at appropriate levels, like all banks, the Bank has suffered losses from operational risk and there can be no assurance that the Bank will not suffer losses from operational risks in the future that may be material in amount, and its reputation could be adversely affected by the occurrence of any such events involving its employees, customers or third parties.

The Bank's hedging strategies and other risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risks, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up to date or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. Although the Bank has established these policies and procedures, these policies may not be fully effective, which could adversely affect the Bank's business or result in losses. In addition, although the Bank maintains insurance coverage for certain risks, there can be no assurance that if the Bank suffers material losses, Bank's insurance arrangements will be sufficient to cover those losses. If the Bank's losses are more than the Group's insurance coverage or cannot be recovered through insurance, Bank's business and results of operations could be materially adversely affected.

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The Group may not be able to renew or maintain its statutory and regulatory permits and approvals required to operate its business.

The Group is required to obtain various statutory and regulatory permits and approvals to operate its business which requires the Group to comply with certain terms and conditions to continue its banking operations. In the event that it is unable to renew or maintain such statutory permits and approvals or comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, may result in the interruption of all or some of the Group's operations, imposition of penalties and could materially and adversely affect its business, financial results and reputation.

The Bank is involved in various litigation matters. Any final judgment awarding material damages against the Bank could have a material adverse impact on its future financial performance

The Bank is involved in certain litigation matters in the ordinary course of its business. These matters generally arise because the Bank seeks to recover from borrowers or because customers seek counter claims against it. Although it is the Bank's policy to make provisions for probable loss, the Bank does not make provisions or disclosures in its financial statements where its assessment is that the risk is insignificant. The Bank cannot guarantee that the judgments in any of the litigation in which the Bank is involved would be favorable to it and if its assessment of the risk changes, its view on provisions will also change. Increased provisioning for such potential losses could have a material adverse effect on the Bank's results of operations and financial condition. If the Bank's provisioning is inadequate relative to actual losses on final judgment, such additional losses could have an adverse impact on the Bank's business.

Risk related to unaudited financial information

This Placement Memorandum includes unaudited financial information, which has been subjected to limited review, in relation to the Bank. Reliance on such information should, accordingly, be limited.

This Placement Memorandum includes the Q1 of FY2022 Unaudited Financial Results, for the quarter ended June 30, 2021, in respect of which the Auditors have issued their review report dated August 4, 2021. For further details in relation to Q1 of FY2022 Unaudited Financial Results, please refer to page no. 46 of this Placement Memorandum. Any financial results published in the future may not be consistent with past performance. Accordingly, prospective investors should rely on their independent examination of our financial position and results of operations, and should not place undue reliance on, or base their investment decision solely on the financial information included in this Placement Memorandum.

RISK RELATING TO THE BONDS

All Bonds being offered under this Placement Memorandum are unsecured and the RBI prescribes certain restrictions in relation to the terms of these Bonds

All Bonds being issued under this Placement Memorandum are unsecured in nature. The claims of the Bondholders shall (i) be superior to the claims of investors in equity shares and perpetual non-cumulative preference shares issued by the Bank; (ii) be subordinated to the claims of all depositors, general creditors and subordinated debt of the Bank other than any subordinated debt qualifying as Additional Tier 1 Capital; (iii) neither be secured nor covered by any guarantee of the Issuer or its related entity or other arrangement that legally or economically enhances the seniority of the claim vis -à-vis creditors of the Bank; (iv) Unless the terms of any subsequent issuance of bonds/debentures by the Bank specifies that the claims of such subsequent bond holders are senior or subordinate to the Bonds issued under this Placement Memorandum or unless the RBI specifies otherwise in its guidelines, the claims of the Bondholders shall be pari passu with claims of holders of such subsequent debentures/bond issuances of the Bank; (v) rank pari passu without preference amongst themselves and other Additional Tier 1 Bonds issued for inclusion in Additional Tier 1 Capital. The Bonds are not redeemable at the option of the Bondholders or without the prior consent of RBI.

The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent) are issued subject to loss absorbency features applicable for non-equity capital instruments issued in terms of Basel III Guidelines including in compliance with the requirements of Annex 4 thereof and are subject to certain loss absorbency features as described herein and required of Additional Tier 1 capital instruments at the Pre-Specified Trigger level and at the Point of Non Viability as provided for in Annex 16 of the Basel III Guidelines as amended from time to time.

The Bonds may be subject to write off on the occurrence of a PONV Trigger Event or a CET1 Trigger Event

The RBI Basel III circular include a requirement that these bonds may be written-off, in whole or in part, upon the occurrence of the following trigger events: (i) Pre-Specified Trigger Level; and (ii) Point of Non-Viability ("PONV"). If the Common Equity Tier 1 of the Bank falls below 5.5% of risk weighted assets ("RWA") before 1st October 2021 and if Common Equity Tier 1 falls below 6.125% of RWA from 1st October 2021, each of the trigger levels referred to hereinabove is called the "Pre-Specified Trigger Level". A write-off of the Bonds may have the following effects:

- a) reduce the claim of the Bond in liquidation;
- b) reduce the amount to be re-paid on the Bond when call is exercised;
- c) partially or fully reduce Coupon payments on the Bond.

Bondholders may lose all or some of their investment as a result of a Write-Down. During the period of any Write-Down, interest will accrue on the outstanding face value of the Bonds, which shall be lower than their issued face value.

The write-down of any Common Equity Tier 1 capital shall not be required before a write-down of any AT1 instruments (including the Bonds). The Bank shall have full discretion to determine the amount of AT1 Instruments (including the Bonds) to be written down. The Bank shall have the discretion to write-down the Bonds multiple times in case the Bank hits Pre-Specified Trigger Level subsequent to the first write-down. The Bonds which have been written off can be written up (partially or full) at the absolute discretion of the Bank and subject to compliance with RBI instructions (including permission, consent if any). There can be no assurance that the Issuer will, or will be able to, exercise its discretion to reinstate any principal amount of Bonds which has been Written-Down.

In addition to the above, the Bonds can be permanently written down upon the occurrence of the PONV Trigger (as per the section "Write-down on PONV Trigger Event" below). PONV trigger event shall be as defined in the Basel III Guidelines and shall be determined by the RBI. In the event of a Write-Down, investors may lose the entire amount of their investment in these Bonds. In the event that a PONV Trigger Event or Pre-Specified Trigger Level occurs, all or some of the rights of holders of Bonds and the receipts and coupons relating to them shall be subject to Write-Down. This may not result in the same outcome for Bondholders as would have occurred upon the occurrence of any winding-up proceedings of the Bank.

It will be difficult to predict when, if at all, a principal write-down of Bonds will occur. The RBI has provided limited guidance as to how it would determine non-viability. It is possible that the RBI's position on these matters may change over time. Non-viability may be significantly impacted by a number of factors, including factors which affect the business, operation and financial condition of the Bank. For instance, systemic and non-systemic macroeconomic, environmental and operational factors, domestically or globally, may affect the viability of the Bank. Accordingly, trading behavior in respect of these Bonds may not follow the trading behavior associated with other types of securities. Potential investors in these Bonds should consider the risk that a holder may lose all of its investment, including the principal amount plus any accrued interest, if such regulatory loss absorption measures are acted upon. Furthermore, there can be no assurance that RBI will not further amend the existing guidelines. There can be no assurance that SEBI will not impose further restriction on these Bonds. Further changes in law and guidelines after the date hereof may affect the rights of holders of the Bonds as well as the market value of the Bonds.

Coupon on the Bonds are not cumulative. Coupons may be cancelled at the Bank's discretion and must not be paid in certain circumstances.

Coupon on these Bonds are discretionary and non-cumulative. The Bank may elect at its full discretion not to pay and, in the circumstances outlined below, must not pay, all or some of the interest falling due on these Bonds on any Coupon Payment Date. Any coupon not so paid on any such Coupon Payment Date shall be cancelled and shall no longer be due and payable by the Bank. A cancellation of coupon pursuant to Coupon Discretion of the Summary Term Sheet does not constitute a default under these Bonds for any purpose.

Further, pursuant to Coupon Discretion of Summary Term Sheet, the Bank may only pay coupon on the Additional Tier 1 Notes to the extent that such payment of coupon is permitted to be paid under the RBI Guidelines. Where the current year's profits are not sufficient and such payment needs to be made out of revenue reserves, such payments are subject to the Bank meeting its minimum regulatory capital requirements at all times including the requirements of capital buffer frameworks (i.e. capital conservation buffer, countercyclical capital buffer and Domestic Systemically Important buffers) as set out in the RBI Guidelines. A failure to meet these requirements will result in a mandatory cancellation of coupon payments.

Coupon Discretion of the Summary Term Sheet sets out the circumstances in which the Bank is required to cancel coupon payments on these Bonds pursuant to the RBI Guidelines. Investors should be aware that any change to the RBI Guidelines requiring the Bank to cancel coupon payments in other or additional circumstances could be complied with by the Bank through its general discretion to cancel coupon payments under Coupon Discretion.

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In addition, if the Bank's total Common Equity Tier 1 capital does not exceed the amount required to fulfil its capital buffer requirement (including the capital conservation buffer and any countercyclical capital buffer and D-SIBs buffer), the Bank will be required to conserve a percentage of its earnings (including through cancellation of coupon payments on these Bonds)

Any actual or anticipated cancellation of coupon on these Bonds will likely have an adverse effect on the market price of these Bonds. In addition, as a result of the coupon cancellation provisions of the Additional Tier 1 Bonds, the market price of the Additional Tier 1 Bonds may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Bank's financial condition.

These Bonds have no fixed maturity date and investors have no right to call for redemption of the Bonds.

These Bonds are perpetual unless the Bank elects to redeem these Bonds to the extent allowed by the Summary Term Sheet of this Placement Memorandum and the applicable RBI Guidelines. Accordingly, these Bonds have no fixed final redemption date. In addition, holders of these Bonds have no right to call for the redemption of these Bonds. Although the Bank may redeem the Bonds at its option on the Call Option Date or at any time following the occurrence of certain tax and regulatory events, there are limitations on redemption of the Additional Tier 1 Bonds, including obtaining the prior written approval of the RBI and satisfaction of any conditions that the RBI and other relevant authorities may impose at the time of such approval.

There is no assurance that the holders of these Bonds will be able to reinvest the amount received upon redemption at a rate that will provide the same rate of return as their investment in these Bonds. Potential investors should consider re-investment risk in light of other investments available at that time.

Decisions may be made on behalf of all Bondholders that may be adverse to the interests of individual Bondholders

The terms and conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

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There is no assurance that the Bonds to be issued under this Placement Memorandum will not be downgraded

The Rating agencies i.e. CRISIL and India Ratings have rated the Bonds to be issued under this Placement Memorandum. In the event of deterioration of the financial health of the Issuer or due to other reasons, the rating of the Bonds to be issued under this Placement Memorandum may be downgraded. In such a scenario, Bond holders may incur losses on their investment.

There is no assurance that the Bonds issued pursuant to this Issue will be listed on Stock Exchanges in a timely manner, or at all.

In accordance with Indian law and practice, permissions for listing and trading of the Bonds issued pursuant to this Issue will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents to be submitted and carrying out of necessary procedures with the stock exchanges. There could be a failure or delay in listing the Bonds on the Stock Exchanges for reasons unforeseen.

There may be no active market for the Bonds on the platform of the Stock Exchanges. As a result, the liquidity and market prices of the Bonds may fail to develop and may accordingly be adversely affected.

Any issue of Bonds carried out hereunder will be a new issue of bonds and the Bonds have no established trading market. There is no assurance that a trading market for the Bonds will exist and no assurance as to the liquidity of any trading market. Although an application will be made to list the Bonds on the NSE and/or BSE, there can be no assurance that an active market for the Bonds will develop, and if such a market were to develop, there is no obligation on us to maintain such a market. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, Bank's financial condition and prospects and other factors that generally influence market price of such instruments. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which you purchase the Bonds.

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The Bonds are not guaranteed by the Government of India

The Bonds are not the obligations of, or guaranteed by, the Government. Although the Government own majority of the Bank's issued share capital as of the date of this Placement Memorandum, the Government is not providing a guarantee in respect of the Bonds. In addition, the Government is under no obligation to maintain the solvency of the Bank. Therefore, investors should not rely on the Government ensuring that the Bank fulfils its obligations under the Bonds.

We are not required to and will not create or maintain a Debenture Redemption Reserve (DRR) for the Bonds issued under this Placement Memorandum.

As per the Ministry of Companies Affairs GOI Notification dt.31.03.2014 and 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.

v. Key Operational And Financial Parameters for the last three audited years & Reviewed Financial Results as on 30.06.2021

(*Figures related to standalone Canara Bank financials for pre-amalgamation for the period ended 31.03.2020)

a. Standalone

(Rs in crores)

Parameters	FY 2019	FY 2020	FY 2021	3 M 30.06.2021
Net Worth	26179.66	28968.6	39814.26	41865.57
Total Debt : of which	640025.56	668112.94	1060858.14	1073540.76
Non-Current Maturities of Long Term Borrowings	19664.88 Restricted	20096.06	35049.50	39453.11
Short Term Borrowing	21327.41	20045.71	12004.06	9320.72
Current Maturities of Long Term Borrowings	240.30	2620.00	2930.00	2930.00
Net Fixed Assets	8410.23	8276.29	11206.53	11142.58
Non Current Assets	405886.94	423814.92	713166.86	709133.50
Cash and Cash Equivalents	66152.69	68271.47	178408.04	173737.88
Current Investments	22113.60	36575.85	31121.87	35813.26
Current Assets	288879.75	300059.83	440508.18	449090.60
Current Liabilities	305877.27	299966.95	470543.28	469396.74
Assets Under Management	NA	NA	NA	NA
Off Balance Sheet Assets	NIL	NIL	NA	NA
Interest Income	46810.34	48934.99	69239.79	16771.65
Interest Expense	32332.22	35811.08	45177.62	10625.04
Provisioning & Write-offs	10243.85	11595.54	17451.69	4573.19
PAT	347.02	(2235.72)	2557.58	1177.47
Gross NPA (%)	8.83	8.21	8.93	8.50
Net NPA (%)	5.37	4.22	3.82	3.46
Tier 1 Capital Adequacy Ratio (%)	9.04	10.12%	10.08%	10.34
Tier 2 Capital Adequacy Ratio (%)	2.86	3.53%	3.10%	3.02

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b. Consolidated

(Rs in crores)

Parameters	FY 2019	FY 2020	FY 2021	30.06.2021
Net Worth	27686.52	30887.97	43344.83	45424.96
Total Debt : of which	640165.66	668170.09	1060997.82	1073718.73
Non-Current Maturities of Long Term Borrowings	19664.88	20096.06	35049.50	39453.11
Short Term Borrowing	21377.76	20045.71	12033.30	9320.72
Current Maturities of Long Term Borrowings	240.30	2620.00	2930.00	2930.00
Net Fixed Assets	8432.78	8323.35	11271.17	11218.22
Non Current Assets	422178.53	440904.64	735980.3	735670.32
Cash and Cash Equivalents	66531.24	68589.82	178866.38	174162.34
Current Investments	22113.60	36575.85	33645.52	35813.26
Current Assets	289604.28	300535.63	443559.57	449732.43
Current Liabilities	305988.07	300055.29	470667.80	469630.67
Assets Under Management	NA	NA	NA	NA
Off Balance Sheet Assets	NIL	NIL	NA	NA
Interest Income	46896.72	49758.75	70212.60	17055.36
Interest Expense	32338.69	35817.19	45182.50	10626.79
Provisioning & Write-offs	10276.89	11696.51	17490.37	4585.21
PAT	601.85	(1986.43)	2890.60	1234.53
Gross NPA (%)	8.87%	8.24%	8.94%	8.52%
Net NPA (%)	5.37%	4.23%	3.82%	3.46%
Tier 1 Capital Adequacy Ratio (%)	9.16%	10.21%	10.18%	10.45%
Tier 2 Capital Adequacy Ratio (%)	2.83%	3.51%	3.09%	3.01%

c. Gross Debt Equity Ratio of the Issuer

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(Rs in crores)

Particulars	Pre-Issue (as on March 31, 2021)	Post Issue of Bonds of Rs 1500.00 Crores
TOTAL LONG TERM DEBT *	30427.07	31927.07
Total Long Term Debt	30427.07	31927.07
SHAREHOLDERS' FUNDS **	39814.26	39814.26
Share Capital	1646.74	1646.74
Reserve & Surplus (excluding FCT Revaluation Reserve)	48826.01	48826.01
Net Worth	39814.26	39814.26
GROSS DEBT/ EQUITY RATIO	0.76	0.80

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

**** Includes Share Capital plus Reserve (Excluding Revaluation Reserve & FCT Reserve) Minus Intangible Assets i.e. Deferred Tax Assets.**

d. Details of any other contingent liabilities of the issuer based on the last audited financial statements including amount and nature of liability

The details of contingent liabilities of the issuer on a standalone basis as on 31.03.2021 is as follows:

Sr. No.	Nature of Liability	Rs in Crore
1	Claims against the bank not acknowledged as debts	16571.39
2	Liability for partly paid investments/ Venture Funds	0.44
3	Liability on account of outstanding forward exchange contracts	416862.87
4	Guarantees given on behalf of constituents	

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	(a) In India	45535.77
	(b) Outside India	142.64
5	Acceptances, endorsements and other obligations	23631.40
6	Other items for which the bank is contingently liable Bill of Exchange Rediscounted	4327.31
	TOTAL	507071.81

The details of contingent liabilities of the issuer on a consolidated basis as on 31.03.2021 is as follows:

Sr. No.	Nature of Liability	Rs in Crore
1	Claims against the bank not acknowledged as debts	16609.20
2	Liability for partly paid investments/ Venture Funds	0.44
3	Liability on account of outstanding forward exchange contracts	416865.19
4	Guarantees given on behalf of constituents	
	(a) In India	45540.32
	(b) Outside India	168.11
5	Acceptances, endorsements and other obligations	23631.40
6	Other items for which the bank is contingently liable Bill of Exchange Rediscounted	4474.72
	TOTAL	507289.38

vi. 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.

vii. Subsidiaries/Associates/Joint Ventures of the Bank

NAME OF THE COMPANY	CIN NUMBER	LEI NUMBER	Nature of Relationship
Canbank Computer Services Ltd	U85110KA1994PLC016174	NA	Subsidiary
Canbank Venture Capital Fund Ltd	U85110KA1995PLC017248	NA	Subsidiary
Canbank Securities Ltd	U67120MH1996GOI097783	9845002C638CD83FC657	Subsidiary
Canfin Homes Ltd	L85110KA1987PLC008699	335800EJ9Y3XDP5ZDH81	Associate
Canara HsbcObc Life Insurance Company Ltd	U66010DL2007PLC248825	213800FTUDKX8V8DYP74	Subsidiary
Canara Robeco Asset Management Co Ltd	U65990MH1993PLC071003		Subsidiary
Canbank Factors Ltd	U85110KA1991PLC011960	335800BZ6I2IATJA2J81	Subsidiary
Canbank Financial Services Ltd	U85110KA1987PLC008381	NA	Subsidiary
Higher Education Financing Agency	U74999KA2017NPL103474	984500DB0605E5D5B063	Joint Venture
Syndbank Services Limited	U72300KA2006PLC038305	NA	Subsidiary

C. BRIEF HISTORY SINCE INCORPORATION WITH DETAILS OF ACTIVITIES INCLUDING REORGANISATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN CAPITAL STRUCTURE , (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS ,IF ANY.

History of the Bank

Sri Ammembal Subba Rao Pai founded CANARA BANK (hereinafter referred to as “The Bank”) in 1906 at Mangalore in the name of Canara Permanent Hindu Fund. It became a Public Ltd. Company in 1910 and the name was changed to Canara Bank Ltd.

In July 1969, Canara Bank Ltd, along with 13 other major banks, was nationalized and is now a Public Sector Bank constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970. Under the provisions of the Banking Regulations Act, 1949, in addition to the business of banking, the Bank can undertake the business as specified under Section 6 of the above Act.

Changes in the Organizational Setup

The Bank brought out further changes in its organizational/operational set-up to facilitate smooth functioning and effective results. The Organizational design and structure are continuously revisited and studied to make inroads for further functional excellence.

The Bank has completely moved towards a 4 tier structure comprising Head Office, Circle Offices, Regional Offices and Branches. The Organizational Structure has been reworked to enable better execution of strategy and ensure smooth functioning. Our Bank has a network of 24 circle Offices, 176 Regional Offices and more than 10416 branches as at 31.03.2021, spread over all States & 8 Union Territories of the country. Bank has also its presence overseas.

CAPITAL STRUCTURE OF THE BANK

i. Details of Share Capital as on June 30, 2021 Restricted

			(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		
	1,64,67,38,220 Equity Shares of Rs.10/- each fully paid up		1646.74
c.	Paid-up Equity Share Capital		
	1,64,67,38,220 Equity Shares of Rs.10/- each fully paid up	1646.74	
	Add: Amount of Equity Shares forfeited	--	
	Total Paid-up Equity Share Capital		1646.74
2.	SHARE PREMIUM ACCOUNT		30091.52

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

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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	3,000.00	By notification F. No. 11/4/2009-
Rs. 1,500 crore to Rs. 3,000 crore		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
Rights Issue	54.29 (allotment of 5,42,99,105 equity shares of Rs.10/- each)	Date of AGM - 26.07.2016 Date of Allotment - 27.03.2017
Preferential Allotment to Government of India	135.95 (allotment of 13,59,54,616 equity shares of Rs. 10/- each)	Date of EGM - 01.03.2018 Date of Allotment - 27.03.2018
Canara Bank - Employee Share Purchase Scheme	20 (Allotment of 2 crore equity shares to eligible employees of Rs.10 each)	Date of AGM - 26.07.2018 Date of Allotment - 06.02.2019
Preferential Allotment to Government of India	276.98 (Allotment of 27,69,88,576 equity shares of Rs 10/- each)	Date of Allotment - 04.12.2019
On account of amalgamation of Syndicate Bank into Canara Bank w.e.f. 01.04.2020	Allotment of 42,32,68, 155 equity shares of Rs 10/- each on account of amalgamation of Syndicate Bank into Canara Bank w.e.f 01.04.2020	Date of Allotment - 01.04.2020
QIP Mode - During the month of December 2020	193.24 (Issued and allotted 19,32,36,714 Crore Equity Shares through QIP Mode at an Issue price of Rs.103.50)	Date of AGM - 10.08.2020 Allotment was made on : 11.12.2020

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

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) Placement of Equity Shares	IPO	41,00,00,000	410.00	275.00
3	15.03.2011(2010-11)	3,30,00,000	10.00	604.00	Qualified Institutional Placement (QIP)	Allotment to QIBs	44,30,00,000	443.00	2235.20
4	2013-14	1,82,58,837	10.00	273.84	Preferential Allotment to Government of India	Preferential Allotment to GOI	46,12,58,837	461.26	2716.94
5	31.03.2015 (2014-15)	1,39,38,134	10.00	408.95	Preferential Allotment to Government of India	Preferential Allotment to GOI	47,51,96,971	475.20	3273.01
6	(June 2015) 2015-16	4,00,00,000	10.00	380.08	Preferential Allotment to LIC of India / Schemes of LIC	Preferential Allotment to LIC of India / Schemes of LIC	51,51,96,971	515.20	4753.33
7	30.09.2015 (2015-16)	2,77,94,083	10.00	340.72	Preferential Allotment to Government of India	Preferential Allotment to GOI	54,29,91,054	542.99	5672.54



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SI 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)
8	27.03.2017 (2016-17)	5,42,99,105	10.00	207		Right Issue	59,72,90,159	597.29	6742.22
9	27.03.2018 (2017-18)	13,59,54,616	10.00	357.84	Preferential Allotment to Government of India	Preferential Allotment to GOI	73,32,44,775	733.24	11471.27
10	06.02.2019 (2018-19)	2,00,00,000	10	186 (Issued at discount of 33.33% = Rs.92.64/Share)	Canara Bank - Employee Share Purchase Scheme (Tranche-I)	Allotment to Eligible Employees under Canara Bank Employee Share	75,32,44,775	753.24	12008.54
11	04.12.2019 (2019-2020)	27,69,88,576	10	237.23	Preferential Allotment to Government of India	Preferential Allotment to GOI	1,03,02,33,351	1030.23	18302.55
12	01.04.2020 (2020-2021)	42,32,68,155	10	NA	On account of amalgamation of Syndicate Bank into Canara Bank w.e.f. 01/04/2020	Approved Swap Ratio - 158 shares each of Canara Bank for every 1000 shares of Syndicate Bank	1,45,35,01,506	1453.50	-
13	11.12.2020 (2020-2021)	19,32,36,714	10	103.50	Qualified Institutional Placement (QIP)	Allotment to QIBs	1,64,67,38,220	1646.74	20109.32



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

NIL

v. Details of any Re Organization or Reconstruction in the last one year (01.04.2020 to 31.05.2021)

Type of Event	Date of Announcement	Date of Completion	Details
Formation of new Wings post amalgamation	07.05.2020	07.05.2020	<p>Synergy Cell SP & D Wing has communicated the formation of following new Wings post amalgamation vide HO Cir. 335/2020 dated 07.05.2020</p> <ol style="list-style-type: none"> 1. Reconciliation Wing: To have a better control and monitoring on reconciliation related matters, Reconciliation Wing has been formed by carving out Reconciliation Department (IBAR & DDR section) from GA Wing, reconciliation work handled by Digital Banking Services Wing and oversight of all GLs in the Amalgamated Bank. 2. LB & RRB Wing : Carved out from Priority Credit Wing to have focused attention on SLBC responsibilities in two states (Karnataka & Kerala), UTLBC responsibilities in Lakshadweep, Lead bank responsibilities in 60 districts and the four RRBs (Karnataka Gramin Bank, Karnataka Vikas Gramin Bank, Kerala Gramin Bank and AP Vikas Gramin Bank) 3. Marketing and Government Relations Wing: As per the Board orders dated 31st Mar 2020, the existing SP&D Wing of standalone Canara Bank has been split into SP&D Wing and Marketing & Government Relations Wing. Accordingly, the related functions of eSyndicate Bank departments viz., Planning & Development Department and Marketing, Insurance & Transaction & Digital Banking realigned with the two wings. 4. MIS Wing: To have focused attention on MIS and Automated Data Flow related functions we propose to form a new MIS Wing. The respective functions dealt with by the Department Of Information Technology (DIT Wing-II) of e Syndicate have been brought under the new MIS Wing. 5. RBS & Compliance Wing: The amalgamated Bank needs to strengthen the compliance functions with responsibility for interfacing with all the regulators. For this the Compliance departments of both the banks have been unified. The existing RBS & MIS Wing is bifurcated into MIS wing and the RBS & Compliance Wing. Further, RBS & Compliance functions were brought under the RBS & Compliance Wing with the Group Chief Compliance Officer (GCCO) as head of the wing. Further to have a unified and comprehensive view on all types of compliance related matters, the Company Secretary, now located with the MD & CEO Secretariat, is brought under the Group Chief Compliance Officer. 6. Associates and Subsidiaries Wing: carved out from FM& S Wing to have a focused attention and monitoring the performance of Associates and Subsidiaries 7. FM& S Wing has been renamed as Financial Management Wing. Further, to have overall control on

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			Profitability, the Profit planning section is delinked from SP&D wing and merged with FM Wing. 8. The Organization & Methods Cell under the Operations Department of eSyndicate is unified with the Organization & Methods Section of the SP&D Wing of standalone Canara and the functions of preparation of Manuals of Instructions and Desk Cards have been mapped to the Staff Training College as decided earlier by the Training Advisory Committee of standalone									
Enhancement in Credit exposure limit for handling credit proposals by the LCC & MCC Wings.	06.06.2020	06.06.2020	<div>MD&CEO, vide orders dated 6.6.2020, had permitted enhancement in Credit exposure limit for handling credit proposals by the LCC & MCC Wings. The existing limit and revised limit as permitted by MD&CEO are furnished hereunder:</div> <table><tr><th>Name of Wing</th><th>Existing credit exposure</th><th>Revised credit exposure as permitted by MD&CEO</th></tr><tr><td>Large Corporate Credit Wing</td><td>Processing and follow up of large corporate credit proposals (Credit Proposals of Rs. 100 crore and above), inclusive of Agriculture Credit, MSME and Retail received from Circles/Prime Corporate Branches [PCBs].</td><td>Processing and follow up of large corporate credit proposals with individual/group exposure of Rs.250 crores & above including Agriculture Credit, MSME and Retail received from Circles/ Large Corporate Branches.</td></tr><tr><td>Mid Corporate Credit Wing</td><td>Processing and follow up of HO Level credit proposals below Rs. 100 crore (other than Agriculture Credit, MSME and Retail) of all Circles of our Bank.</td><td>Processing and follow up of HO Level credit proposals with individual/group exposure of a)Rs.100 crore & above and below Rs.250 crores in respect of Agriculture Credit, MSME and Retail. b)Upto Rs.250 crores in respect of all sectors other than Agriculture Credit, MSME and Retail.</td></tr></table>	Name of Wing	Existing credit exposure	Revised credit exposure as permitted by MD&CEO	Large Corporate Credit Wing	Processing and follow up of large corporate credit proposals (Credit Proposals of Rs. 100 crore and above), inclusive of Agriculture Credit, MSME and Retail received from Circles/Prime Corporate Branches [PCBs].	Processing and follow up of large corporate credit proposals with individual/group exposure of Rs.250 crores & above including Agriculture Credit, MSME and Retail received from Circles/ Large Corporate Branches.	Mid Corporate Credit Wing	Processing and follow up of HO Level credit proposals below Rs. 100 crore (other than Agriculture Credit, MSME and Retail) of all Circles of our Bank.	Processing and follow up of HO Level credit proposals with individual/group exposure of a)Rs.100 crore & above and below Rs.250 crores in respect of Agriculture Credit, MSME and Retail. b)Upto Rs.250 crores in respect of all sectors other than Agriculture Credit, MSME and Retail.
Name of Wing	Existing credit exposure	Revised credit exposure as permitted by MD&CEO										
Large Corporate Credit Wing	Processing and follow up of large corporate credit proposals (Credit Proposals of Rs. 100 crore and above), inclusive of Agriculture Credit, MSME and Retail received from Circles/Prime Corporate Branches [PCBs].	Processing and follow up of large corporate credit proposals with individual/group exposure of Rs.250 crores & above including Agriculture Credit, MSME and Retail received from Circles/ Large Corporate Branches.										
Mid Corporate Credit Wing	Processing and follow up of HO Level credit proposals below Rs. 100 crore (other than Agriculture Credit, MSME and Retail) of all Circles of our Bank.	Processing and follow up of HO Level credit proposals with individual/group exposure of a)Rs.100 crore & above and below Rs.250 crores in respect of Agriculture Credit, MSME and Retail. b)Upto Rs.250 crores in respect of all sectors other than Agriculture Credit, MSME and Retail.										
Delinking of AML & CFT Centralized unit (ACCU) and KYC Cell from Compliance & RBS Wing, HO and re-align the same under SP&D	13 07.2020	13 07.2020	MD&CEO, vide orders dated 13.07.2020, had permitted Delinking of AML & CFT Centralized unit (ACCU) and KYC Cell from Compliance & RBS Wing, HO and re-align the same under SP&D Wing, HO									

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Wing, HO			
Formation of Separate Gold Loan Wing by carving out the functions from Priority Credit Wing.	10.08.2020	10.08.2020	MD&CEO, vide orders dated 10.08.2020, had permitted Formation of Separate Gold Loan Wing by carving out the functions from Priority Credit Wing.
Reorganization of Priority Credit Wing. (Internal reorganization and new section formation) post carving out the Gold Loan wing functions & Shifting of Education Loan portfolio to Retail Assets Wing, HO	12.08.2020	12.08.2020	MD&CEO, vide orders dated 12.08.2020, had permitted Reorganization of Priority Credit Wing. (Internal reorganization and new section formation) post carving out the Gold Loan wing functions & Shifting of Education Loan portfolio to Retail Assets Wing, HO
Reorganization of IO & CCR Wing. (Internal reorganization, Modification of functions)	21.08.2020	21.08.2020	Executive Director, vide orders dated 21.08.2020, had permitted Reorganization of IO & CCR Wing. (Internal reorganization, Modification of functions)
Deletion of function 'Conduct of Sample Survey on SME accounts as per PR Nayak Committee recommendations'	07.11.2020	07.11.2020	Executive Director, vide orders dated 07.11.2020, had permitted deletion of function 'Conduct of Sample Survey on SME accounts as per PR Nayak Committee recommendations'
Formation of Separate Central Processing Wing, by carving out the functions from Strategic Planning & development Wing.	05.12.2020	05.12.2020	MD&CEO, vide orders dated 05.12.2020, had permitted Formation of Separate Central Processing Wing, by carving out the functions from Strategic Planning & development Wing.
Formation of Proposal Rating Section under Risk Management Wing.	05.01.2021	05.01.2021	MD&CEO, vide orders dated 05.01.2021, had permitted Formation of Proposal Rating Section under Risk Management Wing.
Formation of Separate Cash Management & Stationery Wing,	05.01.2021	05.01.2021	MD&CEO, vide orders dated 05.01.2021, had permitted Formation of Separate Cash Management & Stationery Wing, by carving out the functions from General Administration Wing.

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by carving out the functions from General Administration Wing.			
To update the nomenclature & functions of EFRM-OM Section under Recovery Legal & Fraud Prevention Wing	20.03.2021	20.03.2021	MD&CEO, vide orders dated 20.03.2021, had permitted to update the nomenclature & functions of EFRM-OM Section under Recovery Legal & Fraud Prevention Wing
To Delink KYC Cell & AML/CFT Unit from SP&D Wing and attaching to Central Processing Wing	04.05.2021	04.05.2021	MD&CEO, vide orders dated 04.05.2021, had permitted to Delink KYC Cell & AML/CFT Unit from SP&D Wing and attaching to Central Processing Wing
To form a separate CGTMSE vertical under MSME Wing	15.06.2021	15.06.2021	MD&CEO, vide orders dated 15.06.2021, had permitted to form a separate CGTMSE Vertical under MSME Wing
Reorganization of CAM Wing (Staff Accountability Section added & OA Desk removed)	29.06.2021	29.06.2021	MD&CEO, vide orders dated 29.06.2021, had permitted Reorganization of CAM Wing (Staff Accountability Section added & OA Desk removed)
To Delink CCR & Syndication Group from IOCCR & attach to LLC Wing. IOCCR renamed as IO Wing.	31.07.2021	31.07.2021	MD&CEO, vide orders dated 31.07.2021, had permitted to Delink CCR & Syndication Group from IOCCR & attach to LLC Wing. IOCCR renamed as IO Wing.

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D. Details of shareholding of the Bank as on the latest quarter end 30.06.2021

i. Shareholding pattern of the Bank as on June 30, 2021

Sr. No.	Particulars	Total No. of Equity Shareholders	No. of Equity Shares	Total Shareholding as % of total no of equity shares
1	PRESIDENT OF INDIA	1	1141709678	69.33
2	INSURANCE COMPANIES	6	137386041	8.34
3	MUTUAL FUNDS	26	51045090	3.10
4	FOREIGN PORTFOLIO - CORP	123	64502316	3.92
5	RESIDENT INDIVIDUALS	551681	165283532	10.04
6	EMPLOYEES	46786	19711125	1.20
7	Qualified Institutional Buyer	9	12150967	0.74
8	BODIES CORPORATES	1599	30176695	1.83
9	BANKS	21	5492677	0.33
10	TRUSTS	23	223271	0.01
11	CLEARING MEMBERS	261	2511665	0.15
12	NON RESIDENT INDIANS	2809	2423668	0.15
13	H U F	4960	3572995	0.22
14	NON RESIDENT INDIAN NON REPATRIABLE	1568	1029017	0.06
15	NBFC	10	24071	0.00
16	ALTERNATIVE INVESTMENT FUND	5	9493412	0.58
17	FOREIGN NATIONALS	1	2000	0.00
	TOTAL	609889	1646738220	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 June 30, 2021

Sl. 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	1,14,17,09,678	1,14,17,09,678	69.3316
2.	LIFE INSURANCE CORPORATION OF INDIA	13,36,27,205	13,36,27,205	8.1147
3.	JHUNJHUNWALA RAKESH RADHESHYAM	1,26,00,000	1,26,00,000	0.7651
4.	BNP PARIBAS ARBITRAGE - ODI	93,71,531	93,71,531	0.5691

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Sl. 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
5.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE PURE VALUE FUND	75,83,730	75,83,730	0.4605
6.	RADHAKISHAN SHIVKISHAN DAMANI	66,25,006	66,25,006	0.4023
7.	HDFC LIFE INSURANCE COMPANY LIMITED	59,70,940	59,70,940	0.3626
8.	VOLRADO VENTURE PARTNERS FUND II	59,55,072	59,55,072	0.3616
9.	KOTAK EQUITY ARBITRAGE FUND	58,53,093	58,53,093	0.3554
10.	NIPPON LIFE INDIA TRUSTEE LTD-A/C NIPPON INDIA ARBITRAGE FUND	53,22,016	53,22,016	0.3232
11.	HDFC TRUSTEE COMPANY LTD. A/C HDFC BALANCED ADVANTAGE FUND	53,03,806	53,03,806	0.3221
Total		1,33,99,22,077	1,33,99,22,077	81.3682

E. Details regarding the Directors of the Bank:

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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 L V Prabhakar Managing Director & CEO DIN 08110715	58	Canara Bank, Head Office 112, J.C.Road Bengaluru-560 002	01.02.2020	1. Canara Robeco Asset Management Company Limited 2. Canbank HSBC Oriental Bank of Commerce Life Insurance Company Limited. 3. Can Fin Homes Ltd.
2	Shri Debashish Mukherjee Executive Director DIN: 08193978	56	Canara Bank, Head Office 112, J.C.Road Bengaluru -560 002	19.02.2018	1. Can Fin Homes Ltd. 2. Canbank Venture Capital Fund Limited. 3. Canara Robeco Asset Management Company Limited 4. Canara Bank Securities Limited. 5. Canara HSBC OBC Life Insurance Co. Ltd. 6. Higher Education Financing Agency

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3	Ms A Manimekhalai Executive Director DIN 08411575	55	Canara Bank, Head Office 112, J.C. Road Bengaluru -560 002	11.02.2019	1.Canbank Factors Limited 2.Canbank Computer Services Limited. 3. .Canara HSBC OBC Life Insurance Co. Ltd. 4. General Insurance Corporation of India 5. India Infrastructure Finance Company Limited.
4	Shri K Satyanarayana Raju DIN 08607009	55	Canara Bank, Head Office 112, J.C. Road Bengaluru -560 002	10.03.2021	NIL
5	Shri Brij Mohan Sharma	57	Canara Bank, Head Office 112, J.C. Road Bengaluru -560 002	19.05.2021	NIL
6	Shri Suchindra Misra Govt Nominee Director DIN: 01873568	52	Joint Secretary Dept of Financial Services, Ministry of Finance, Govt of India, New Delhi	14.06.2016	1.National Insurance Company Limited 2.Agriculture Insurance Company of India Limited
7	Shri R Kesavan RBI Nominee Director DIN	52	CGM/Principal, Reserve Bank Staff College. No 539, Anna Salai, Teynampet, Chennai 600018 Restricted	26.04.2019	Nil
8	Shri Venkatachalam Ramakrishna Iyer DIN 02194830	67	Flat No.304, Sumeet Enclave, Plot No.103, B1, Sant Dnyaneshwar Road, Panchpakhadi, Thane (West) 400 602	27.07.2016 to 26.07.2019 Re-elected from 27.07.2019 to 26.07.2022	1.Usha Martin Limited
9	Shri. Bimal Prasad Sharma Shareholder Director DIN 06370282	64	47/A, Pristine Green, Pokhariput, Bhubaneswar- 751020	27.07.2019	NIL

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

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ii. Details of change in directors in the last three years (01.04.2018 to 09.08.2021)

Sl. No	Name	Designation	Date of Appointment	Date of Cessation	Director of the Company Since (in case of resignation)	Remarks
1	Shri. T N Manoharan DIN:01186248	Chairman	14.08.2015 (Reappointed w.e.f. 14.08.2018)	13.08.2020	Not Applicable	Nil
2	Shri. Rakesh Sharma DIN-6846594	MD & CEO	11.09.2015	31.07.2018	Not Applicable	Nil
3	Shri Suchindra Misra DIN: 01873568	GOI Nominee Director	14.06.2016		Not Applicable	Until further orders
4	Shri Krishnamurthy H DIN 05329716	Shareholder Director	27.07.2016	26.07.2019	Not Applicable	Nil
5	Shri Venkatachalam Ramakrishna Iyer DIN 02194830	Shareholder Director	27.07.2016		Not Applicable	Re-elected from 27.07.2019 to 26.07.2022
6	Smt. P.V. Bharathi DIN 06519925	Executive Director	15.09.2016	31.01.2019	Not Applicable	Elevated as MD & CEO of Corporation Bank
7	Shri Matam Venkata Rao DIN: 06930826	Executive Director	09.10.2017	28.02.2021	Not Applicable	Elevated as MD & CEO of Central Bank of India
8	Shri Debashish Mukherjee DIN: 08193978	Executive Director	19.02.2018		Not Applicable	Tenure on the Board ending on 18.02.2023
9	Ms A Manimekhalai DIN 08411575	Executive Director	11.02.2019		Not Applicable	Tenure on the Board ending on 10.02.2022
10	Shri R A Sankara Narayanan DIN 05230407	Managing Director & CEO	15.04.2019	31.01.2020	Not Applicable	Superannuation
11	Smt. Uma Shankar	RBI Nominee Director	23.02.2015	26.04.2019	Not Applicable	NIL
12	Shri R Kesavan	RBI Nominee Director	26.04.2019		Not Applicable	Until further orders

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Sl. No	Name	Designation	Date of Appointment	Date of Cessation	Director of the Company Since (in case of resignation)	Remarks
13	Shri. Bimal Prasad Sharma	Shareholder Director	27.07.2019		Not Applicable	Tenure on the Board ending on 26.07.2022
14	Shri. S Raghunath	Part-time Non official Director	21.10.2019	31.03.2020	Not Applicable	Until amalgamation of the Bank i.e. 31.03.2020
15	Shri L V Prabhakar	Managing Director & CEO	01.02.2020		Not Applicable	Tenure on the Board till superannuation i.e. 31.12.2022
16	Shri Krishnan S	Executive Director	01.04.2020	03.09.2020	Not Applicable	Elevated as MD & CEO of Punjab and Sind bank
17	Shri K Satyanarayana Raju	Executive Director	10.03.2021		Not Applicable	Tenure on the Board ending on 09.03.2024
18	Brij Mohan Sharma	Executive Director	19.05.2021		Not Applicable	Tenure on the Board till superannuation i.e. 30.06.2023

F. Details regarding the Auditors of the Issuer

i. Details of the Statutory auditors of the Issuer

Sl. No	Name of Statutory Auditors	Firm Registration No	Address & Contact Details	Auditor since
1	M/s D K Chhajer & Co	304138E	Nihat House, Ground Floor, 11 R N Mukherjee Road, Kolkata- 700 001 Mob : 94330 02481 dkchhajer@gmail.com kolkata@dkcindia.com Contact no. 033-2262 7279, 22133179	December 2018
2	M/s S N K & Co	109176W	SNK House, 31-A, Adarsh Society, Athwalines, Surat - 395 001 snk@snkca.com ankit@snkca.com Contact: 0261-2656271, 2656272	December 2018

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Sl. No	Name of Statutory Auditors	Firm Registration No	Address & Contact Details	Auditor since
3	M/s N K Bhargava & Co	000429N	C-31 1st Floor Acharya Niketan Mayur Vihar Phase 1 Delhi -91 delhi@nkbc.co.in Contact No.011-45784938	December 2020
4	M/S Rao & EMMAR	0030845	P-6C Champakabuilding 3rd Floor 1st main 1st stage peenya Industrsilarea Bangalore -58 praveen@raoemmar.cpm Contact No.080-50078815	December 2020

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 Dagliya & Co, Bangalore	L-Block, Unity Buildings, JC Road, Near Town Hall, Bangalore -560 002 Mob: 9448114192 yaswantjain@gmail.com dagliya@gmail.com guptamanohar@gmail.com	15.12.2017	September 2020	December 2017	Nil
2.	M/s Komandoor & Co. LLP	I-504, Divya Shakti Complex, 7-1-58, Dharamkaran Road, Ameerpet, Hyderabad- 16 Mob: 98490 11300 komandoorco@gmail.com tnn@komandoorco.com prd@komandoorco.com	15.12.2017	September 2020	December 2017	Nil
3.	M/s J Singh & Associates	505/506/507 Hubtown Viva Shankarwadi, Western Express Highway, Jogeshwari(East),	15.12.2015	September 2018	December 2015	Nil
4.	M/s J L Sengupta & Co	70A, Lenin Sarani, 1 st Floor, Kolkata - 13	15.12.2015	September 2018	December 2015	Nil

G. Details of Borrowings of the Bank as on 30.06.2021

i. Details of secured loan facilities as on 30.06.2021

The Bank has not availed any secured borrowings from any of the creditors.

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ii. Details of unsecured loan facilities / deposit as on June 30, 2021

Lender's Name	Type of Facility	Principal Amount Outstanding as on 31.03.2021 (Rs. In crore)	Principal Amount Outstanding as on 30.06.2021 (Rs. In crore)	Repayment Date/Schedule
From Banks	Demand Deposits	533.79	607.41	On Demand
	Term Deposits	49529.85	53411.01	On Maturity
From Others	Demand Deposits	48839.58	41670.66	On Demand
	Term Deposits	630442.99	636214.89	On Maturity
Depositors	Saving Banks Deposits	281528.37	289932.94	On Demand
Reserve Bank of India	Borrowings	2408.00	2408.00	On Demand
Others	Borrowings	8090.36	3056.45	On Demand
Other Institutions & Agencies	Borrowings	16369.10	15355.28	On Demand
Outside India	Borrowings	Restricted	7768.00	-
Banks/ Institutions	Bills Payable#	2067.24		-
Various Bondholders	BASEL III TIER II SER I	1500.00	1500.00	03-Jan-24
Various Bondholders	BASEL III TIER II SER II	1000.00	1000.00	27-Mar-24
Various Bondholders	BASEL III TIER II Bonds 2015-16(Series I)	1500.00	1500.00	31-Dec-25
Various Bondholders	BASEL III TIER II Bonds 2015-16(Series II)	900.00	900.00	07-Jan-26
Various Bondholders	BASEL III TIER II Bonds 2016-17	3000.00	3000.00	27-Apr-26
Various Bondholders	BASEL III TIER II Bonds 2019-20	3000.00	3000.00	11-Mar-30 & Call option 11-Mar-2025
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1	1500.00	1500.00	Perpetual/ Call option - 05-Mar-2025
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1	1000.00	1000.00	Perpetual/ Call option - 13-Dec-2021
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1	1012.00	1012.00	Perpetual/ Call option - 11-Sep-2025
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1	169.10	169.10	Perpetual/ Call option - 29-Sep-2025
Various	BASEL III COMPLIANT	1635.00	1635.00	Perpetual/

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Bondholders	ADDITIONAL TIER 1			Call Option- 31-Dec-2025
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1	120.00	120.00	Perpetual/ Call Option- 02-Feb-2026
Various Bondholders	Lower TIER II	1000.00	1000.00	31-Dec-2022
Various Bondholders	BASEL III TIER II	750.00	750.00	02-Dec-2024
Various Bondholders	BASEL III TIER II	400.00	400.00	23-Mar-2025
Various Bondholders	BASEL III TIER II	1000.00	1000.00	28-Sep-2025
Various Bondholders	BASEL III TIER II	750.00	750.00	18-Dec-2025
Various Bondholders	BASEL III TIER II	500.00	500.00	03-May-2027 & Call option - 03-May-2022
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1 SERIES III	930.00^	930.00^	Perpetual/ Call option - 15-Jul-2021^
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1 SERIES IV	1000.00	1000.00	Perpetual/ Call option - 24-Oct-2021
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1 SERIES V	450.00	450.00	Perpetual/ Call option - 25-Jul-2022

^Bank is under process of exercising call option on 15.07.2021.

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iii. Details of outstanding non-convertible-debentures issued by the Bank As on June 30, 2021

Debenture Series	Tenor/ Period of Maturity (in months)	Coupon	Amount in Crores	Date of Allotment	Redemption Date/ Schedule	Credit Rating as on 30.06.2021	Secured/ Unsecured	Security
BASEL III TIER II SER I	120	9.73	1500.00	03/Jan/14	03/Jan/24	AAA/Stable by CRISIL & ICRA (AA+)(HYB)/Stable	Unsecured	Not applicable
BASEL III TIER II SER II	120	9.70	1000.00	27/Mar/14	27/Mar/24	AAA/Stable by CRISIL & ICRA (AA+)(HYB)/Stable	Unsecured	Not applicable
BASEL III TIER II Bonds 2015-16(Series I)	120	8.40	1500.00	31/Dec/15	31/Dec/25	AAA/Stable by CRISIL, ICRA (AA+)(HYB)/Stable & IND AAA/Negative	Unsecured	Not applicable
BASEL III TIER II Bonds 2015-16(Series II)	120	8.40	900.00	07/Jan/16	07/Jan/26	AAA/Stable by CRISIL, ICRA (AA+)(HYB)/Stable & IND AAA/Negative	Unsecured	Not applicable

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BASEL III TIER II Bonds 2016-17	120	8.40	3000.00	27/Apr/16	27/Apr/26	AAA/Stable by CRISIL, ICRA (AA+)(HYB)/Stable & IND AAA/Negative	Unsecured	Not applicable
BASEL III TIER II Bonds 2019-20	120	7.18	3000.00	11/Mar/20	11/Mar/30 & Call option 11/Mar/2025	IND AAA/Negative & CARE AAA/Negative	Unsecured	Not applicable
BASEL III TIER II	120	8.95	750.00	02/Dec/14	02/Dec/24	AAA/Stable by CRISIL & CARE AAA/Negative	Unsecured	Not applicable
BASEL III TIER II	120	8.75	400.00	23/Mar/15	23/Mar/25	AAA/Stable by CRISIL & CARE AAA/Negative	Unsecured	Not applicable
BASEL III TIER II	120	8.58	1000.00	28/Sep/15	28/Sep/25	AAA/Stable by CRISIL & CARE AAA/Negative	Unsecured	Not applicable
BASEL III TIER II	120	8.62	750.00	18/Dec/15	18/Dec/25	AAA/Stable by CRISIL & CARE AAA/Negative	Unsecured	Not applicable
BASEL III TIER II	120	8.00	500.00	03/May/17	03/May/27 with Call option on 03/May/22	IND AAA/Negative, CARE AAA/Negative & AAA/Stable by CRISIL	Unsecured	Not applicable
BASEL III COMPLIANT ADDITIONAL TIER 1	Perpetual	9.55	1500.00	05/Mar/15	PERPETUAL with Call option from 05/Mar/2025	ICRA AA/(Stable) (HYB) & IND AA / Stable	Unsecured	Not applicable
BASEL III COMPLIANT ADDITIONAL TIER 1	Perpetual	8.60	1000.00	13/Dec/16	PERPETUAL with Call option from 13/Dec/2021	CRISIL AA/Stable by CRISIL & IND AA /Stable by India Ratings	Unsecured	Not applicable
BASEL III COMPLIANT ADDITIONAL TIER 1	Perpetual	8.30	1012.00	11/Sep/20	PERPETUAL with Call option from 11/Sep/2025	CRISIL AA/Stable by CRISIL & IND AA /Stable by India Ratings	Unsecured	Not applicable
BASEL III COMPLIANT ADDITIONAL TIER 1	Perpetual	8.30	169.10	29/Sep/20	PERPETUAL with Call option from 29/Sep/2025	CRISIL AA/Stable by CRISIL & IND AA /Stable by India Ratings	Unsecured	Not applicable
BASEL III COMPLIANT ADDITIONAL TIER 1	Perpetual	8.50	1635.00	31/Dec/20	PERPETUAL with Call option from 31/Dec/2025	CRISIL AA/Stable by CRISIL & IND AA /Stable by India Ratings	Unsecured	Not applicable
BASEL III COMPLIANT ADDITIONAL TIER 1	Perpetual	8.30	120.00	02/Feb/21	PERPETUAL with Call option from 02/Feb/2026	CRISIL AA/Stable by CRISIL & IND AA /Stable by India Ratings	Unsecured	Not applicable

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BASEL III COMPLIANT ADDITIONAL TIER 1 *	Perpetual	11.25	930.00	15/Jul/16	PERPETUAL with Call option from 15/Jul/2021	IND AA/Stable by India Rating, AA/Stable by CRISIL & CARE AA/ Negative by CARE Rating	Unsecured	Not applicable
BASEL III COMPLIANT ADDITIONAL TIER 1	Perpetual	9.95	1000.00	24/Oct/16	PERPETUAL with Call option from 24/Oct/2021	IND AA/Stable by India Rating, AA/Stable by CRISIL & CARE AA/ Negative by CARE Rating	Unsecured	Not applicable
BASEL III COMPLIANT ADDITIONAL TIER 1	Perpetual	9.80	450.00	25/Jul/17	PERPETUAL with Call option from 25/Jul/2022	IND AA/Stable by India Rating, AA/Stable by CRISIL & CARE AA/ Negative by CARE Rating	Unsecured	Not applicable
LOWER TIER II	120	9.00	1000.00	31/Dec/12	31/Dec/2012	AAA/Stable by CRISIL & CARE AAA/ Negative	Unsecured	Not applicable

*Bond redeemed. Bank has exercised call option on this bond on 15 Jul 2021

iv. LIST OF TOP-10 BONDHOLDERS - AS ON 30.06.2021

Restricted

SRL	DPID/CLIENTID	NAME OF THE HOLDER	HOLDINGS	Rs in Crore
1	IN30152430047971	CBT-EPF-11-F-DM	103215	10321.50
2	IN30016710166243	COAL MINES PROVIDENT FUND ORGANISATION	21126	2112.60
3	IN30012611253047	HDFC TRUSTEE COMPANY LTD. A/C HDFC BALANCED ADVANTAGE FUND	20591	2059.10
4	IN30135620892280	THE SINGARENI COLLIERIES COMPANY LIMITED	10000	1000.00
5	IN30378610006749	STATE BANK OF INDIA EMPLOYEES PENSION FUND	6460	646.00
6	IN30087010101128	BANK OF BARODA	6430	643.00
7	IN30016710156460	KOTAK MAHINDRA TRUSTEE COMPANY LTD. A/C. KOTAK MAHINDRA BOND SHORT TERM PLAN	5950	595.00
8	IN30081210504585	NPS TRUST- A/C SBI PENSION FUND SCHEME - STATE GOVT	5010	501.00
9	IN30012610001816	HDFC BANK LTD	4769	476.90
10	IN30012611234066	SBI LIFE INSURANCE CO.LTD	3400	340.00

v. Amount of Corporate guarantee issued by the Issuer

NIL

vi. Certificate of Deposits issued by the Issuer as on June 30, 2021:

NIL

Restricted



vii. Details of Commercial Paper:

Not Applicable

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

NIL

ix. 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.

x. Details of any Outstanding Borrowings taken/ Debt Securities issued for consideration other than cash at premium or at discount or in pursuance of an Option

Restricted

The Issuer confirms that other than and to the extent mentioned elsewhere in this Placement Memorandum, 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 or at a premium or discount or in pursuance of an option since inception.

H. Details of Promoters of the Bank

Details of promoter holding as on June 30, 2021

S. No.	Name of Shareholders	Total number of equity shares	Number of shares held in demat form	Total shareholding as % of total No of equity share	No of equity shares pledged	% of equity shares pledged with respect to shares owned
1.	President of India	1,141,709,678	1,141,709,678	69.33	Nil	Not Applicable

Placement Memorandum

I. ABRIDGED VERSION OF THE AUDITED STANDALONE & CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER FOR THE LAST THREE YEARS AND AUDITORS QUALIFICATION

(*Figures related to standalone Canara Bank financials for pre-amalgamation for the period ended 31.03.2020)

i. Standalone Statement of Profit & Loss

					<i>Rs. in Crore</i>
Sr No	Parameters	FY	FY	FY	30.06.2021
		2018-19	2019-20	2020-21	3M
I	Income				
a.	Interest Earned	46810.34	48934.99	69239.79	16771.65
b.	Other Income	6574.96	7813.15	15285.29	4438.41
	Total Income	53385.30	56748.14	84525.08	21210.06
II	EXPENDITURE				
a.	Interest Expended	32332.22	35811.08	45177.62	10625.04
b.	Operating Expenses	10462.21	11577.24	19338.19	4834.36
c.	Provisions and Contingencies	10243.86	11595.54	17451.69	4573.19
	Total Expenditure	53038.28	58983.86	81967.50	20032.59
III	PROFIT FOR THE YEAR	347.02	(2235.72)	2557.58	1177.47
	Profit brought forward				
IV	APPROPRIATIONS				
	Transfer to Statutory Reserves	86.76	-	639.39	
	Transfer to Revenue & Other Reserves		-	-	
	Transfer to Investment Reserve Account		-	-	
	Transfer to Investment Fluctuation Reserve	27.26	-	755.48	
	Transfer from/to Special Reserves-Currency Swap		-		
	Transfer to Special reserve U/s 31(1) (viii) of Income tax Act, 1961		-		
	Transfer to Capital Reserve	233.00	--	1162.71	
	Proposed Dividend	-	-	-	
	Tax on Dividend	-	-	-	
	Balance Carried over to Balance Sheet	347.02	(2235.72)	-	
	TOTAL	347.02	(2235.72)	2557.58	
	Earnings Per Share (Basic & Diluted) (in Rs.) (Not Annualised)	4.71	(26.50)	16.91	7.15

Placement Memorandum

ii. Consolidated Statement of Profit & Loss

Rs. in Crore

Sr No	Parameters	FY	FY	FY	30.06.2021
		2018-19	2019-20	2020-21	3M
I	Income				
a.	Interest Earned	46896.72	49758.75	70212.60	17055.36
b.	Other Income	7372.42	11799.40	23447.15	6233.38
	Total Income	54269.13	61558.15	93659.75	23288.74
II	EXPENDITURE				
a.	Interest Expended	32338.69	35817.19	45182.50	10626.79
b.	Operating Expenses	11106.40	16066.96	28284.90	6981.95
c.	Provisions and Contingencies	10276.89	11696.51	17490.37	4585.21
	Total Expenditure	53721.98	63580.66	90957.77	22193.95
	Share of Earnings/(Loss) in Associates	148.91	101.50	254.58	95.90
	Consolidated Net Profit/(Loss) for the Year before deducting	696.06	(1921.01)	2956.56	1190.69
	Minorities Interest				
	Less: Minorities Interest	94.20	65.42	65.96	(43.84)
III	PROFIT FOR THE YEAR attributable to the Group	601.85	(1986.43)	2890.60	1234.53
	Profit brought forward	-	-	-	-
	TOTAL		(1986.43)	2890.60	
IV	APPROPRIATIONS				
	Transfer to Statutory Reserves	86.76	-	639.39	
	Transfer to Revenue & Other Reserves		-	-	
	Transfer to Investment Reserve Account	-	-	-	
	Transfer to Investment Fluctuation Reserve	27.25	-	755.48	
	Transfer from/to Special Reserves-Currency Swap		-	-	
	Transfer to Special reserve U/s 31(1) (viii) of Income tax Act, 1961		-	-	
	Transfer to Capital Reserve	233.00	-	1162.71	
	Proposed Dividend	-	-	-	
	Tax on Dividend	-	-	-	
	Balance Carried over to Balance Sheet	601.85	(1986.43)	333.02	
	TOTAL	601.85	(1986.43)	2890.60	
	Earnings Per Share (Basic & Diluted) (in Rs.) (Not Annualised)	8.18	(23.55)	19.11	

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Placement Memorandum

iii. Standalone Balance Sheet

(Rs. in crore)

Sr no	Parameters	As on 31.03.2019	As on 31.03.2020	As on 31.03.2021	30.06.2021 3M
I	CAPITAL & LIABILITIES				
a.	Capital	753.24	1030.23	1646.74	1646.74
b.	Reserves & Surplus	35423.99	38262.73	57238.19	58370.15
c.	Deposits	599033.27	625351.18	1010874.58	1021836.92
d.	Borrowings	40992.29	42761.77	49983.56	51703.84
e.	Other Liabilities and f	18563.89	16468.84	33931.96	24666.45
	Total	694766.69	723874.75	1153675.03	1158224.10
II	ASSETS				
a.	Cash & Balances with Reserve Bank of India	29919.02	22570.14	43111.62	42719.54
b.	Balances with Banks and Money at Call & Short Notice	36233.67	45701.33	135296.41	131018.34
c.	Investments	152985.30	176244.94	261690.39	273066.82
d.	Advances	427727.27	432175.20	639048.99	648516.19
e.	Fixed Assets	8410.23	8276.29	11206.53	11142.58
f.	Other Assets	39491.20	38906.85	63321.09	51760.63
	Total	694766.69	723874.75	1153675.03	1158224.10

iv. Consolidated Balance Sheet

(Rs. in crore)

Sr No	Parameters	As on 31.03.2019	As on 31.03.2020	As on 31.03.2021	As on 30.06.2021
I	CAPITAL & LIABILITIES				
a.	Capital	753.24	1030.23	1646.74	1646.74
b.	Reserves & Surplus	36935.99	40175.72	60762.85	61929.24
c.	Minority Interest	667.87	730.10	793.38	747.09
d.	Deposits	599123.02	625408.32	1010985.02	1022014.89
e.	Borrowings	41042.64	42761.77	50012.80	51703.84
f.	Other Liabilities and Provisions	33260.04	31334.13	55338.81	47360.95
	Total	711782.81		1179539.60	1185402.75
II	ASSETS				
a.	Cash & Balances with R B of India	29921.43	22572.96	43115.94	42723.90
b.	Balances with Banks and Money at Call & Short Notice	36609.81	46016.86	135750.44	131438.44
c.	Investments	168678.05	192645.37	286191.25	298836.69
d.	Advances	428114.77	432403.38	639286.54	648767.20
e.	Fixed Assets	8432.78	8323.35	11271.17	11218.22
f.	Other Assets	40025.97	39478.35	63924.26	52418.30
	Total	711782.81	741440.27	1179539.60	1185402.75

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v. Standalone Cash Flow Statement

(Rs. in crore)

Particulars	Year ended 31.03.2019	Year ended 31.03.2020*	Year ended 31.03.2021
A. Cash Flow from Operating Activities:			
Net Profit after Taxes	347.02	(2235.72)	2557.58
Adjustments for:			
Provision for income tax	(2674.42)	480.15	1149.64
Transfer from Other Reserves	(322.40)	(1169.55)	2515.98
Depreciation on Fixed Assets	416.83	432.08	820.17
Profit/ (Loss) on sale of Fixed Asset	2.87	1.34	(28.7)
Provision for Other Items	(60.97)	278.27	1761.13
Interest on Tier 1 and Tier 2 Bonds	1176.57	1116.44	2019.04
Provision for NPA	12566.66	10730.10	14113.79
Loss on revaluation of Investments	0.80	(1.74)	(1.68)
Provision for Standard Assets	403.04	384.84	0.42
Income from Investment in Subsidiaries	(50.17)	(67.87)	(71.54)
Income from Investment (Appreciation)/Depreciation	369.55	(277.81)	426.7
Sub total	11828.36	11906.25	22704.95
Adjustments for:			
Increase / (Decrease) in Deposits	74261.41	26317.90	105350.73
Increase / (Decrease) in Borrowings	2749.08	(630.53)	(13373.07)
Increase / (Decrease) in Other Liabilities and Provisions	3195.35	(3238.31)	2717.14
(Increase) / Decrease in Investments	(9301.97)	(22961.73)	(10911.91)
(Increase) / Decrease in Advances	(58600.44)	(15178.03)	(36588.8)
(Increase) / Decrease in Other Assets	(5392.73)	1411.43	(12408.91)
Direct Taxes (Paid) / Refund	1200	850	(1514.49)
Sub total			33270.69
Net Cash Flow from Operating Activities (A)	17886.08	(5458.27)	58533.22
B. Cash Flow from Investing Activities :			
Net Inflow / Outflow from Sale /Purchase of Fixed Assets	(511.29)	(326.56)	(737.38)
Investment in Subsidiaries/ Joint Ventures/	0.00	(18.89)	-
Disposal of Investment in Jv, Subsidiaries etc.,	--	0.53	-
Income from Investment in Subsidiaries	50.17	67.87	71.54
Net Cash Flow from Investing Activities (B)	(461.12)	(277.05)	(665.84)
C. Cash Flow from Financing Activities:			
Payment on redemption of Bonds / Sub. Debts	(565.30)	2400.00	(2620)
Dividend (Interim & Final) Paid	0.00	0.00	
Interest Paid on IPDI, Sub. &, Upper Tier 2 Bonds	(1176.58)	(1116.44)	(2019.04)
Increase in paid up capital	20.00	276.99	193.24
Share Premium recd. on new issue of share capital	537.28	6294.02	1797.99
Share Application Money pending for Allotment	-	-	
Amount paid to e-SB shareholders (for fraction part)			(4.30)
Proceeds from Issue of Upper Tier 2 bonds	-	-	-
Proceeds from Issue of Perpetual Bonds	-	-	2936
Net Cash Flow from Financing Activities (C)	(1184.60)	7854.57	283.89
Net Increase in Cash & Cash Equivalents (A)+(B)+(C)	16,240.36	2118.78	58151.27
Cash /Equivalents as at the beginning of the year	49912.33	66152.69	120256.75
Cash / Equivalents as at the end of the year	66152.69	68271.47	178408.02

vi. Consolidated Cash Flow Statement

(Rs. in crore)

Particulars	Year ended 31.03.2019	Year ended 31.03.2020*	Year ended 31.03.2021
A. Cash Flow from Operating Activities:			
Net Profit after Taxes	601.85	(1986.43)	2890.6
Adjustments for:			
Provision for income tax	(2658.55)	509.00	1179.57
Depreciation on Fixed Assets	428.83	445.91	838.04
Profit/ (Loss) on sale of Fixed Asset	2.86	1.34	(28.7)
Provision for Other Items	(576.13)	646.36	1707.64
Interest on Tier 1 and Tier 2 Bonds	1176.58	1116.44	2013.65
Provision for NPA	12734.22	10733.64	14174.2
Less: Amount Drawn from the Other Reserves	(322.40)	(1169.55)	2515.99
Profit/Loss on revaluation of Investments	(0.80)	(1.74)	2543.76
Provision for Standard Assets	407.80	380.46	2.28
Profit on sale of Investment	(424.41)	(716.12)	(4066.17)
Provision for (Appreciation)/Depreciation on Investment	369.55	(572.96)	426.69
Sub total	11137.55	11372.78	21306.95
Adjustments for:			
Increase / (Decrease) in Deposits	74276.04	26285.30	105418.13
Increase / (Decrease) in Borrowings	2698.44	(680.37)	(13344.62)
Increase / (Decrease) in Other Liabilities and Provisions	(7276.36)	(13113.41)	(5290.86)
(Increase) / Decrease in Investments	(10638.14)	(22978.53)	(15545.46)
(Increase) / Decrease in Advances	(46040.19)	(4288.61)	(22484.38)
(Increase) / Decrease in Other Assets Restricted	(5453.82)	(1562.88)	(12301.06)
Increase / (Decrease) Minority Interest	146.07	62.23	63.28
Direct Taxes (Paid) / Refund	1214.72	(1600.78)	(1594.9)
Sub total	6497.32	(14675.49)	34920.13
Net Cash Flow from Operating Activities (A)	18236.72	(5289.14)	59117.68
B. Cash Flow from Investing Activities :			
Net Inflow / Outflow from Sale /Purchase of Fixed Assets	(605.72)	(337.82)	(922.72)
Investment in Subsidiaries/ Joint Ventures/	(171.14)	(271.43)	(222.35)
(Increase) /Decrease in other reserves	46.46	198.44	115.94
Net Cash Flow from Investing Activities (B)	(730.40)	(410.81)	(1029.13)
C. Cash Flow from Financing Activities:			
Share Capital	20.00	276.99	193.24
Share Premium	537.29	6231.72	1797.99
Increase / (Decrease) of Bonds including subordinated Debts	(565.30)	2400.00	316.8
Share Application Money Pending for Allotment	0.00	0.00	0
Dividend (Interim & Final) Paid	0.00	0.00	0
Interest Paid on IPDI, Subordinated Bonds, Upper Tier 2 Bonds	(1176.58)	(1116.44)	(2013.65)
Amount paid to e-SB shareholders (for fraction part)			(4.30)
Net Cash Flow from Financing Activities (C)	(1184.59)	7792.27	290.08
Cash flow on account of exchange fluctuation (D)			
Cash generated on account of exchange fluctuation	(15.09)	(33.73)	(87.33)
Net Increase in Cash & Cash Equivalents (A)+(B)+©+(D)	16306.64	2058.58	58291.3
Cash and Cash Equivalents as at the beginning of the year	50224.60	66531.24	120575.1
Cash and Cash Equivalents as at the end of the year	66531.24	68589.82	178866.39

(*Figures related to standalone Canara Bank financials for pre-amalgamation for the period ended 31.03.2020)

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Placement Memorandum

Auditors' Qualifications

Financial Year	Auditors' Qualifications
2020-21	Nil
2019-20	Nil
2018-19	Nil
2017-18	Nil

J. REVIEW OF STANDALONE FINANCIAL INFORMATION OF THE ISSUER AS OF March 31, 2021

Sr.No.	Particulars	Year ended	Year ended	Year ended	
		31.03.2019	31.03.2020	31.03.2021	30.06.2021
		(Audited)	(Audited)	(Audited)	(Reviewed)
1.	Interest Earned (a+b+c+d)	46810.34	48934.99	69239.79	16771.65
a)	Interest/ discount on advances/ bills	34319.28	36075.88	50405.00	12025.80
b)	Income from Investments	10937.51	11335.88	16859.20	4150.71
c)	Interest on balances with Reserve Bank of India and other Inter Bank Funds	828.01	1400.27	1851.53	560.25
d)	Others	725.54	122.96	124.06	34.89
2.	Other Income	6574.96	7813.15	15285.29	4438.41
3.	Total Income (1+2)	53385.30	56748.14	84525.08	21210.06
4.	Interest Expended	32332.22	35811.08	45177.62	10625.04
5.	Operating Expenses (i)+(ii)+(iii)	10462.21	11577.24	19338.19	4834.36
(i)	Employees Cost	5675.11	7134.18	12689.96	3342.38
(ii)	Rent, Taxes and Lighting	986.96	792.37	1120.15	-
(iii)	Other Operating Expenses	3800.15	3650.69	5528.08	1491.98
6.	Total Expenditure (4)+(5) (excluding Provisions and Contingencies)	42794.43	47388.32	64515.81	15459.40
7.	Operating Profit before provisions & contingencies (3-6)	10590.87	9359.82	20009.27	5750.66
8.	Provisions (other than tax) and Contingencies	10243.85	11595.54	16302.05	3728.52
9.	Exceptional Items				
10.	Profit (+)/ Loss (-) from Ordinary Activities before Tax (7-8-9)	(2327.41)	(1755.57)	3707.22	2022.14
11.	Tax Expense- Current Year	(2674.43)	480.15	1149.64	844.67
12.	Profit (+)/ Loss (-) from Ordinary Activities after Tax (10-11)	347.02	(2235.72)	2557.58	1177.47
13.	Extraordinary Items (net of tax expense)	-			
14.	Net Profit (+)/ Loss (-) for the period (12-13)	347.02	(2235.72)	2557.58	1177.47
15.	Paid-up Equity Share Capital (Face Value of each share- Rs.10/-)	753.24	1030.23	1646.74	1646.74
16.	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	-	31929.94	48953.95	-

*Cash Flow statement prepared on half yearly and yearly only.

(*Figures related to standalone Canara Bank financials for pre-amalgamation for the period ended 31.03.2020)

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 Non-convertible redeemable preference shares 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 21st June, 2021. Copy of letter from SBICAP Trustee Company Ltd conveying their consent to act as Trustees for the current issue of Bonds is enclosed as annexure III in this Placement Memorandum.

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

Please refer to Annexure I (for rating letter issued by CRISIL Limited) and II (for rating letter issued by India Ratings & Research Private Limited) of the Placement Memorandum.

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 III of the Placement Memorandum.

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

The Bonds are proposed to be listed on the Debt segment of NSE

Q. Any litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of prospectus against the promoter of the Bank

President of India is the Promoter of the Issuer and hence the details of litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue are not applicable.

R. Details of default and non-payment of statutory dues

There is no default and non-payment of statutory dues.

S. Other Details

i. DRR Creation

As per the Ministry of Companies Affairs GOI Notification dt.31.03.2014 and 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 NCS 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. Delay in allotment of securities

The allotment of securities shall be made within the timelines stipulated under SEBI Operational Circular.

T. Disclosure of Cash flow with date of interest and redemption payment as per day count convention

As per Chapter III of SEBI Operational Circular No: SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, illustrative cash flow for bonds is as under:

ILLUSTRATION:

Name of the Issuer	Canara Bank
Face Value (per bond)	Rs. 1,00,00,000/-
Deemed Date of Allotment	25-10-2021
Call option Date	25-10-2026 (or any anniversary date thereafter, subject to Tax Call/ Regulatory Call, For details refer Term sheet)
Redemption Date	Perpetual
Coupon Rate	[8.40]%
Frequency of Interest Payment	Annually
Day Count Convention	Actual/Actual

Scenario 1: Call Option not exercised

Cash Flows	Original Coupon Payment dates and Illustrative Call Option Due date	Modified Coupon Payment Dates and Illustrative Call Option Due Date	No of Days for Denominator	Amount Payable per Bond (in Rs)
1 st Coupon Payment	Tuesday, 25 October, 2022	Tuesday, 25 October, 2022	365	8,40,000
2 nd Coupon Payment	Wednesday, 25 October, 2023	Wednesday, 25 October, 2023	365	8,40,000
3 rd Coupon Payment	Friday, 25 October, 2024	Friday, 25 October, 2024	366	8,40,000
4 th Coupon Payment	Saturday, 25 October, 2025	Monday, 27 October, 2025	365	8,40,000
5 th Coupon Payment	Sunday, 25 October, 2026	Monday, 26 October, 2026	365	8,40,000
Upto Perpetual....				

Notes:

1. The above example is for illustration purpose only. The actual payment will be made as per provisions of summary term sheet.
2. Business day shall be the day on which money on which commercial banks are open for business in the city of Bengaluru, Karnataka and when the money market in functioning in Mumbai. If the interest payment date / redemption date does not fall on a Business day, then payment of interest / principal amount shall be made in accordance with SEBI operational circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 as amended from time to time.
3. If any coupon payment date, other than the ones falling on the redemption date falls on a day that is not a business day, the payment shall be made by the issuer on the immediately succeeding business day which becomes the coupon payment date for that coupon. However, the future coupon payment dates would be as per the schedule originally stipulated at the time of issuing the bonds.
4. If the redemption date of the bonds falls on a day that is not a business day, the redemption amount shall be paid by the issuer on the immediately preceding business day which becomes the new

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redemption date, along with interest accrued on the bonds until but excluding the date of such payment.

5. It is clarified that interest / redemption with respect to debentures, interest / redemption payments shall be made only on the days when commercial banks are open for business in the city of Bengaluru, Karnataka and when the money market is functioning in Mumbai.
6. Interest payments will be rounded off to the nearest rupee as per the FIMMDA Handbook on market practices.

Scenario 2: Assuming Call Option is exercised at the end of the 5th anniversary of the Deemed Date of Allotment

Cash Flows	Original Coupon Payment dates and Illustrative Call Option Due date	Modified Coupon Payment Dates and Illustrative Call Option Due Date	No of Days for Denominator	Amount Payable per Bond (in Rs)
1 st Coupon Payment	Tuesday, 25 October, 2022	Tuesday, 25 October, 2022	365	8,40,000
2 nd Coupon Payment	Wednesday, 25 October, 2023	Wednesday, 25 October, 2023	365	8,40,000
3 rd Coupon Payment	Friday, 25 October, 2024	Friday, 25 October, 2024	366	8,40,000
4 th Coupon Payment	Saturday, 25 October, 2025	Monday, 27 October, 2025	365	8,40,000
5 th Coupon Payment	Sunday, 25 October, 2026	Friday, 23 October, 2026	365	8,40,000
Principal Redemption of Principal on account of exercise of Call Option*.	Sunday, 25 October, 2026	Restricted Friday, 23 October, 2026	365	1,08,40,000

Notes:

1. The above example is for illustration purpose only. The actual payment will be made as per provisions of summary term sheet.
2. Business day shall be the day on which money on which commercial banks are open for business in the city of Bengaluru, Karnataka and when the money market is functioning in Mumbai. If the interest payment date / redemption date does not fall on a Business day, then payment of interest / principal amount shall be made in accordance with SEBI operational circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 as amended from time to time.
3. If any coupon payment date, other than the ones falling on the redemption date falls on a day that is not a business day, the payment shall be made by the issuer on the immediately succeeding business day which becomes the coupon payment date for that coupon. However, the future coupon payment dates would be as per the schedule originally stipulated at the time of issuing the bonds.
4. If the redemption date of the bonds falls on a day that is not a business day, the redemption amount shall be paid by the issuer on the immediately preceding business day which becomes the new redemption date, along with interest accrued on the bonds until but excluding the date of such payment.
5. It is clarified that interest / redemption with respect to debentures, interest / redemption payments shall be made only on the days when commercial banks are open for business in the city of Bengaluru, Karnataka and when the money market is functioning in Mumbai.
6. Interest payments will be rounded off to the nearest rupee as per the FIMMDA Handbook on market practices.

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II. TERMS OF ISSUE

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

May 28, 2021

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

Non-Convertible, Perpetual, Taxable, Subordinated, Fully paid-up, Unsecured Basel III Compliant Additional Tier 1 Bonds in the nature of debentures of Face value of Rs 1 Crore each 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 and clarification issued thereof vide circular no. DBR.No.BP.BC.71/21.06.201/2015-16 dated January 14, 2016 and DBR. BP.BC.No.50/21.06.201/2016-17 dated February 02, 2017 ("Master Circular") covering terms and conditions for issue of Perpetual Debt Instruments ("PDIs") for inclusion in Additional Tier 1 Capital (Annex 4 of the Master Circular) 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 (Annex 16 of the Master Circular) as amended or replaced from time to time. In the event of any inconsistency in terms of the Bonds as laid down in any of the transaction document(s) and terms of the Master Circular, the provisions of the Master Circular shall prevail.

The issue of Bonds and the terms and conditions of the Bonds will be subject to the applicable guidelines issued by the Reserve Bank of India and the Securities and Exchange Board of India (SEBI) from time to time.

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

The proposed Issue is being made for augmenting Additional Tier I Capital (As per the terms defined in Basel III guidelines) and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long-term resources in accordance with RBI Guidelines.

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

Each of the Bonds have a face value of Rs. 1,00,00,000 (Rupees One Crore 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

Aggregate Total Issue size not exceeding Rs 1500 crore. 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 28.05.2021 authorizing issue of Bonds offered under terms of this Placement Memorandum.

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.

9. Terms of raising securities

Non-Convertible, Perpetual, Taxable, Subordinated, Fully paid-up, Unsecured Basel III Compliant Additional Tier 1 Bonds in the nature of debentures in dematerialised form for inclusion in Additional Tier I Capital.

10. Paid in status

Fully paid in

11. Maturity period

Perpetual i.e. there is no maturity date and there are no step-ups or other incentives to redeem.

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. 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 and clarification issued thereof vide circular no. DBR.No.BP.BC.71/21.06.201/2015-16 dated January 14, 2016 and DBR. BP.BC.No.50/21.06.201/2016-17 dated February 02, 2017 ("Master Circular") covering terms and conditions for issue of Perpetual Debt Instruments ("PDIs") for inclusion in Additional Tier 1 Capital (Annex 4 of the Master Circular) 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 (Annex 16 of the Master Circular) as amended or replaced from time to time, the Bonds shall not have any "Put Option".

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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.

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 subject to RBI regulations.

14. Minimum Subscription

1 Bond (One Bond i.e. Rs. 1 crore) and in multiples of 1 Bond i.e. Rs. 1 crore thereafter.

15. Underwriting

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

16. Status of Bondholders/ Seniority of Claim

The order of claims/ write-down/write-off of various types of regulatory capital instruments issued by the Bank or may be issued by the Bank in future shall be in accordance with the order of seniority and as per usual legal provisions governing priority of charges. The claims of Bondholders (investors in Perpetual Debt Instruments for inclusion as Additional Tier 1 Capital) shall be:

a) superior to the claims of investors in equity/ common shares, perpetual non-cumulative preference shares and other regulatory capital instruments eligible for inclusion in Tier 1 capital of the Bank. However, claims of Perpetual Debt Instruments eligible for inclusion in Additional Tier 1 capital shall be on paripassu basis amongst themselves irrespective of the date, amount or terms of issue;

b) subordinated to the claims of (i) all depositors; (ii) general creditors; (iii) subordinated debt other than subordinated debt qualifying as Additional Tier 1 capital(as defined in the Basel III Guidelines);

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- c) neither secured nor covered by a guarantee of the Bank or its related entity or any other arrangement that legally or economically enhances the seniority of the claims of Bondholders vis-à-vis creditors of the Bank;
- d) unless the terms of any subsequent issuance of the bonds/ debentures by the Bank specifies that the claims of such subsequent bondholders are senior or subordinate to the bonds issued under the Placement Memorandum or unless the RBI specifies otherwise in its guidelines or regulations, the claims of the Bondholders shall be pari-passu claims of holders of such subsequent debentures / bond issuances of the Bank;
- e) rank pari-passu without preference amongst themselves and other subordinated debt classifying as Additional Tier 1 Capital in terms of Basel III Guidelines

Notwithstanding anything to the contrary stipulated herein, the claims of the Bondholders shall be subject to the provisions of Coupon Discretion, Loss Absorbency and Other Events mentioned in this Placement Memorandum.

The Bonds shall not contribute to liabilities exceeding assets of the Bank if such a balance sheet test forms part of a requirement to prove insolvency under any law or otherwise.

If the Bank goes into liquidation, after the Basel III Compliant Additional Tier 1 instruments have been written down, the Bondholders shall have no claim on the proceeds of liquidation.

17. Loss Absorption Features

The Bonds may be classified as liabilities for accounting purposes. The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent) are issued subject to loss absorbency features applicable for non-equity capital instruments issued in terms of Basel III Guidelines including in compliance with the requirements of Annex 4 thereof and are subject to certain loss absorbency features as described herein and required of Additional Tier 1 instruments at Pre-Specified Trigger Level and at the Point of Non Viability as provided for in Annex 16 of the aforesaid circular as amended from time to time.

Accordingly, the Bonds and any claims or demands of any Bondholder or any other person claiming for or on behalf of or through such Bondholder, against the Bank, may be written-down in whole or in part in case event of Pre-Specified Trigger Level or written-off in case of event of Point of Non-Viability (PONV)

18. Pre-specified Trigger Level

If the Common Equity Tier 1 of the Bank falls below 5.5% of risk weighted assets (“RWA”) before 1st October 2021 and if Common Equity Tier 1 falls below 6.125% of RWA from 1st October 2021, each of the trigger levels referred to hereinabove is called the “Pre-Specified Trigger Level”

A write-down of the Bonds may have the following effects:

- (i) reduce the claim of the Bond (up to nil) in liquidation;
- (ii) reduce the amount to be re-paid on the Bond when call is exercised (up to nil);
- (iii) partially or fully reduce Coupon payments on the Bond In relation to Loss Absorption at Pre-Specified Trigger Level, the following may be noted:
 - a) The write-down of any Common Equity Tier 1 capital shall not be required before a write-down of any AT1 Instrument (including the Bonds).
 - b) The aggregate amount to be written-down for all AT1 Instruments on breaching the Pre-Specified Trigger Level must be at least the amount needed to immediately return the Bank’s CET1 ratio to the trigger level (i.e. CET from write-down generated under applicable Indian Accounting Standards or RBI Instructions net of contingent liabilities, potential tax liabilities etc., if any) or, if this is not possible, the full principal value of the instruments.
 - c) Further, the Bank shall have full discretion to determine the amount of AT1 Instruments (including the Bonds) to be written-down subject to the amount of write-down not exceeding the amount which would be required to bring the CET1 ratio to 8% of RWAs (minimum CET1 of 5.5% + capital conservation buffer of 2.5%).
 - d) When the Bank breaches a Pre-Specified Trigger Level and the equity is replenished through write-down, such replenished amount of equity will be excluded from the total equity of the Bank for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining

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capital conservation buffer. However, once the Bank has attained total common equity ratio of 8% without counting the replenished equity capital that point onwards, the Bank may include the replenished equity capital for all purposes.

e) The Bank shall have the discretion to write-down the Bonds multiple times in case the Bank hits Pre-Specified Trigger Level subsequent to the first write-down.

The Bonds which have been written off can be written up (partially or full) at the absolute discretion of the Bank and subject to compliance with RBI instructions (including permission, consent if any).

19. PONV Trigger

The Bonds can be permanently written off upon the occurrence of the PONV Trigger (as per the section “Write-off on Trigger Event” below). PONV trigger event shall be as defined in the aforesaid Basel III Guidelines and shall be determined by the RBI.

RBI may in its imminence alter or modify the PONV trigger whether generally or in relation to the Bank or otherwise. In any case it should be noted that following writing-off of the Bonds and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated.

Unless otherwise specified in this Placement Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/amendment thereof), whether senior or pari passu or subordinate, and whether Additional Tier 1 capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders. **Restricted**

The Bonds are issued subject to Basel III Guidelines on PONV as amended from time to time (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent), and at the option of the RBI, can be permanently written off upon the occurrence of the trigger event, called “Point of Non-Viability Trigger” (“PONV Trigger”).

The PONV Trigger event is the earlier of:

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

The amount of non-equity capital to be written-off will be determined by RBI.

The write-off of any Common Equity Tier 1 capital shall not be required before the write-off of any Non-equity (Additional Tier 1 and Tier 2) regulatory capital instrument. The order of write-off of the Bonds shall be as specified in the order of seniority as per this Placement Memorandum and any other regulatory norms as may be stipulated by the RBI from time to time.

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. The Bondholders shall not have any residual claims on the Bank (including any claims which are senior to ordinary shares of the Bank), following any trigger event.

In any case it should be noted that following writing-off of the Bonds and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or

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through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated. Unless otherwise specified in this Placement Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/amendment thereof), whether senior or pari-passu or subordinate, and whether an Additional Tier 1 capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders.

For these purposes, the Bank may be considered as 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 RBI 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 write-off / conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the RBI.

The Bank facing financial difficulties and approaching a PONV will 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 augmentation of equity capital through write off of Bonds/ public sector injection of funds are likely to:

- Restore depositors' /investors' confidence;
- Improve rating /creditworthiness of the Bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and
- Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.

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

20. 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.

21. 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.1 Crore	1 Bond and in multiples of 1 Bond thereafter	Minimum is Rs 1 crore and in multiples of Rs 1 crore

22. Deemed Date of Allotment

Interest on Bonds shall accrue to the Bondholders on the Deemed date of allotment. All benefits under the Bonds including payment of interest will accrue to the Bondholders from and including 25-10-2021, 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.

23. Trading of Bonds

The marketable lot for the purpose of trading of Bonds shall be 1 (one) Bond of face value of Rs.1 Crore each. Trading of Bonds would be permitted in Demat mode only in standard denomination of 1 bond of Rs.1 Crore and such trades shall be cleared and settled in recognized 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.

24. 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.

25. Common Form of Transfer

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

26. Interest on the Bonds

The face value of the Bonds, after adjustments and write-off on account of Loss absorbency and other events mentioned in the Summary Term Sheet, shall carry interest at the coupon rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re enactment thereof, as applicable) are mentioned 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 Additional Tier 1 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.

27. 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. Tax exemption certificate/documents, under section 193 of the income tax act 1961 if any must be lodged at the registered office of the bank or at such other place as may be notified by the bank in writing, at least 30 calendar working days before the interest payment days.

The tax exemption certificate/declaration of non-deduction of tax at source on interest on application money should be submitted along with application form. Where any deduction of income tax is made at source, the bank shall send to the bond holders a certificate of tax deduction at source. Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors are advised to consult their own tax consultants.

Tax deduced at source will be paid to income tax authorities on accrual or payment whichever is earlier.

28. Redemption/Maturity:

Redemption date	Not Applicable
Redemption amount	Not Applicable. However, in case of Redemption on account of exercise of Call Option or Otherwise, in accordance with RBI Guidelines, the Bonds shall be redeemed at par along with interest accrued till one day prior to the redemption date subject to adjustments and write off on account of “loss absorbency” and “other events” mentioned in this Term sheet

29. 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.

30. Effect of Holidays

If any coupon payment date, other than the ones falling on the redemption date, falls on a day that is not a business day, the payment shall be made by the issuer on the immediately succeeding business day, which becomes the coupon payment date for that coupon. However, the future coupon payment dates would be as per the schedule originally stipulated at the time of issuing the debentures. In other words, the subsequent coupon payment dates would not be changed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a non business day.

If the Call Option Due Date (also being the last Coupon Payment Date, in case call option is exercised) of the Bonds falls on a day that is not a Business Day, the Call Option Price 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.

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

31. 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 due date/ exercising of call option, 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 days from the date of receiving such intimation.

32. 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, all such procedures and compliances as may be required under Foreign Exchange Management Act, 1999 as amended from time to time. the following steps have to be complied:

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- 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.

33. Who Can Apply

In terms of SEBI circular no. EBI/HO/DDHS/CIR/P/2020/199 dated October 6, 2020, only Qualified Institutional Buyers (QIBs) are allowed to participate in the issuance of AT1 instruments.

Only those investors who are permitted to invest in this issue as per RBI guidelines and SEBI NCS Regulations 2021, applicable for issuance and listing of these bonds.

The following class of investors who fall under the definition of Qualified Institutional Buyers under Regulation 2 (ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, are eligible to participate in the offer (being Eligible Investors) ;

- i. a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with SEBI;
- ii. a foreign portfolio investor other than individuals, corporate bodies and family offices;
- iii. a public financial institution;
- iv. a scheduled commercial bank;
- v. a multilateral and bilateral development financial institution;
- vi. a state industrial development corporation;
- vii. an insurance company registered with the Insurance Regulatory and Development Authority of India;
- viii. a provident fund with minimum corpus of twenty five crore rupees;
- ix. a pension fund with minimum corpus of twenty five crore rupees;
- x. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- xi. insurance funds set up and managed by army, navy or air force of the Union of India; and
- xii. insurance funds set up and managed by the Department of Posts, India; and
- xiii. Systemically important non-banking financial companies.

This being a private placement Issue, the eligible investors who have been addressed through this communication directly and are allowed to participate in terms of Chapter XIII of the SEBI NCS Operational Circular, are only eligible to participate.

This Issue is restricted only 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 himself/herself/itself that he/she/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 Placement Memorandum (and/or any Transaction Document in relation thereto and/or any draft of the Transaction Documents and/or the Placement Memorandum) 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.

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*Investment by FIIs in these Bonds raised in Indian Rupees shall be within an overall limit of 49% of the issue size subject to the restriction that investment by each FPI shall not exceed 10% of the issue size. Further Investment by FPIs in the bonds raised in Indian Rupees shall be subject to compliance with terms and conditions stipulated by the RBI, SEBI or any other regulatory authorities on investment in these Bonds.

The issuance being a private placement through the Electronic Bidding Platform of NSE, the investors who have bid on their own account or through their arrangers, if any, appointed by Issuer, in the issue through the said platform and in compliance with the SEBI NCS Operational Circular on the above subject and NSE EBP Operating Guidelines are only eligible to apply.

Notwithstanding any acceptance of bids by the bank on and /or pursuant to the bidding process, on the electronic book platform, (a) if a person, in the bank's view, is not an eligible investor, the Bank shall have the right to refuse allotment of Bonds to such person and reject such person's application; (b) If after applying for subscription to these bonds and / or allotment of bonds to any person, such person(S) becomes ineligible and /or is found to have been ineligible to invest in / hold these bonds, the issuer shall not be responsible in any manner.

34. How to Apply

This being a private placement offer, investors who are established/ resident in India and who have been addressed through this communication directly only are eligible to apply.

All eligible investors should refer the operating guidelines for issuance of debt securities on private placement basis through an Electronic Book Mechanism as available on the website of NSE. Investors will also have to complete the mandatory know your customer verification process. Investors should refer to the Operational Guidelines in this respect. The application form will be filled in by each investor and uploaded in accordance with the SEBI regulatory and Operational Guidelines. Application for the bonds must be in the prescribed forms (enclosed) and completed in BLOCK letters in English as per the instructions contained therein.

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(a) The details of the issue shall be entered on the NSE - EBP platform by the Issuer at least 2 (two) business days prior to the issue opening date, in accordance with the Operational Guidelines,

(b) The issue will be opened for the bidding for the duration of the bidding window that would be communicated through the issuers bidding announcement in the NSE- EBP platform at least 1 (One) business day before the start of the issue opening date.

Some of the key guidelines in the terms of current Operational Guidelines on issuance of securities on private placement basis through an EBP mechanism, are as follows:

(a) Modification of Bid:

Investors may note that modification of bid is allowed during the bidding period/ window. However, in the last 10 (ten) minutes of the bidding period/ window, revision of bid is allowed only for improvement of coupon/ yield and upward revision of the bid amount placed by the investor.

(b) Cancellation of Bid:

Investors may note that cancellation of bid is allowed during the bidding period/ window. However, in the last 10 minutes of the bidding period./ window, no cancellation of bids is permitted.

(c) Multiple Bids:

Investors are permitted to place multiple bids on the EBP platform in line with Chapter VI of the SEBI NCS Operational Circular read with the NSE EBP Operating Guidelines.

However, investors should refer to the Operational Guidelines prevailing as on the date of the bid.

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Payment Mechanism:

Applicants shall make remittance of application money by way of electronic transfer of funds through RTGS/ electronic fund mechanism for credit by the pay-in time in the Bank account of the NSE Clearing Ltd appearing on the NSE EBP platform in accordance with the timelines set out in the Operational Guidelines and the relevant rules and regulations specified by SEBI in this regard. All payment must be made through RTGS as per the Bank details mentioned in the application form/ NSE EBP platform.

The Bank assumes no responsibility for any applications lost in mail. The entire amount of Rs 1 Crore per bond is payable on application.

1. Funds payout on 25.10.2021 would be made by NSE clearing limited to the following Bank account of the issuer:

Name of the Banker	Canara Bank
Beneficiary Account Name	CANARA BANK TIER 1 BONDS
Beneficiary Account No.	1589201001258
IFSC Code	CNRB0001589
Address of the Branch	Ground Floor Canara Bank Building C-14 G Block Bandra Kurla Complex, Bandra (E) Mumbai-400 051
Narration	Application Money for the Bond Issue

2. Cash, Money Orders, Demand Draft, and Postal Orders shall not be accepted. The issuer assumes no responsibility for any applications lost in mail. The entire amount of Rs 1 Crore per bond is payable on application.

3. All application forms duly completed (along with all necessary documents as detailed in this Placement Memorandum) must be delivered before the closing of the Issue to the Issuer. While forwarding the application form, applicants must ensure that the relevant UTR number/ any other evidence of having remitted the application money is obtained. Detailed instructions of filling up the application form are provided elsewhere in the Placement Memorandum.

4. Applications for the bond must be in the prescribed form (enclosed) and completed in BLOCK LETTERS in English and as per the instructions contained therein. Applications should be for the number of bonds applied by the applicant. Applications not completed in the prescribed 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.

5. The applicant or in the case of an application in joint names, each of the applicant, should mention his/her PAN allotted under the income tax act, 1961 or where the same has not been allotted, the GIR number and the income tax circle/ward/district. As per the provisions of section 139 A(5A) of the income tax act, PAN/GIR number needs to be mentioned on the TDs certificates. Hence, the applicant should mention his PAN/GIR number if the investor does not submit Form 15 G/15AA/other evidence, as the case may be for non deduction of tax at source. IN case neither the PAN nor the GIR number has been allotted,. The applicant shall mention "applied for"

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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 form without this information will be considered incomplete and are liable to be rejected.

6. All applicants are requested to tick the relevant columns “category of investors” 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. No separate receipts shall be issued for the application money. However, the issuer receiving the duly completed application form(s) will acknowledge the receipt of the applications by stamping and returning the acknowledgment slip to the applicant. Applications shall be deemed to have been received by the issuer only when submitted to it or on receipt by the registrar as detailed above and not otherwise.

7. 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 Term Sheet and the Application form carefully.

PROCESS FLOW OF SETTLEMENT:

Successful bidders shall make pay-in of funds towards the allocation made to them, in the Bank account of the NSE Clearing Ltd, on or before 10:30 A.M on the Deemed Date of Allotment. The fund pay-in by the successful bidders will be made only from the Bank accounts, which have been provided/ updated in electronic book mechanism system. Upon the transfer of funds into the aforesaid account and the Issuer confirming its decision to proceed with the allotment of the Debentures in favour of the Debenture Holder(s) to the NSE Clearing Ltd, the R&T Agent shall provide the corporate action file along with all requisite documents to the depositories by 12:00 hours and subsequently, the pay-in funds shall be released into the Issuer’s Bank account.

35. 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.

36. 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.

37. 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.

38. 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.

39. 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.

40. Right of Bondholder(s)

Bondholder is not a shareholder. 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, 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, Karnataka.

46. Investor Relations And Grievance Redressal

Arrangements have been made to redress investor grievances expeditiously as far as possible, the issuer 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 registered office of the issuer. 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 Placement Memorandum.

47. Credit Rating for the Bonds

CRISIL Limited (CRISIL) have vide their letter no. RL/CANBANK/278832/TIBUBIII/0921/18516/71619149 dated September 29, 2021 has assigned a credit rating “CRISIL AA+/Stable” by CRISIL Ratings. Pronounced as “CRISIL AA Plus with Stable outlook” Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments have high degree of safety regarding servicing of debt obligations and carry very low credit risk. A copy of rating letter from CRISIL Limited is enclosed elsewhere in this Placement Memorandum. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments have high degree of safety regarding servicing of debt obligations and carry very low credit risk. A copy of rating letter from CRISIL Limited is enclosed elsewhere in this Placement Memorandum.

India Ratings and Research have vide their letter dated October 14, 2021, have assigned ‘IND AA/Stable’; by India Ratings & Research. Pronounced as “IND AA with Stable outlook”

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 Placement Memorandum.

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 Non-Convertible Securities) Regulations, 2021 issued vide circular no. SEBI/LAD-NRO/GN/2021/39 dated August 09, 2021, as amended (ii) 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 (iii) 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 ,
4th Floor, Mistry bhavan, 122 Dinshaw Vachha Road
Churchgate, Mumbai - 400 020,
Tel No: 022-43025555 ,43025503
Fax : 022-22040465
Email: corporate@sbicaptrustee.com

A copy of letter from **SBICAP Trustee Company Ltd** vide their letter conveying their consent to act as Trustees for the current issue of Bonds is enclosed elsewhere in this Placement Memorandum.

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

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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 NCS Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations(1993), the Debenture Trusteeship Agreement, Placement Memorandum 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 Listing Agreements 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.

49. Stock Exchange Where Bonds Are Proposed to be Listed

Restricted

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 Placement Memorandum and received an in-principle approval from the NSE vide letter Ref No. NSE/LIST/4220 Dated 18/10/2021 (attached)

In pursuance of SEBI NCS Regulations 2021, the Bank shall make listing application to NSE within 04 days from the date of closure of issue and seek listing permission within 4 days from the date of closure of issue. In the event of delay in listing of Bonds beyond 4 days from the date of closure of issue the Bank shall pay penal interest of 1.00% p.a. over the Coupon Rate from the expiry of 4 days from the date of allotment till the listing of Bonds to the Bondholder(s).

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

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

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B. Documents

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

- Board resolution dated May 28, 2021, authorizing issue of Bonds offered under terms of this Placement Memorandum.
- Letter of consent from the Trustees for acting as trustees for and on behalf of the holder(s) of the Bonds.
- Letter of consent from the Registrars for acting as Registrars to the Issue.
- Application made to the NSE for grant of in-principle approval for listing of Bonds.
- Letter from CRISIL Limited conveying the credit rating for the Bonds.
- Letter from India Ratings & Research Pvt Limited conveying the credit rating for the Bonds.
- Tripartite Agreement between the Bank, NSDL and Registrars for issue of Bonds in dematerialized form.
- Tripartite Agreement between the Bank, CDSL and Registrars for issue of Bonds in dematerialized form.

III. Disclosure Pertaining to Willful default

a) Name of the Bank declaring the entity as a willful defaulter	- Not Applicable
b) The year in which the entity is declared as a willful defaulter	- Not Applicable
c) Outstanding amount when the entity is declared as a willful defaulter	- Not Applicable
d) Name of the entity declared as a willful defaulter	- Not Applicable
e) Steps taken, if any, for the removal from the list of willful defaulter	- Not Applicable
f) Other disclosures, as deemed fit by the Issuer in order to enable investors to take informed decisions	- Not Applicable
g) Any other disclosure as specified by SEBI	- Not Applicable

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IV. Summary Term Sheet of the Issue

1	Security Name	8.40 % CANARA BANK Basel III Additional Tier I Bond 2021-22 Series I
2	Issuer/Bank	Canara Bank ("CB"/ the "Bank"/ the "Issuer")
3	Issue Size	Aggregate Total Issue size not exceeding Rs 1500 crore with a base issue size of Rs 500 crore
4 a	Option to retain oversubscription	Rs 1000 crore
4 b	Accepted Amount	Rs 1500 Crore
5	Type of Instrument	Non-Convertible, Perpetual, Taxable, Subordinated, Fully paid-up, Unsecured Basel III Compliant Additional Tier 1 Bonds in the nature of debentures of Face value of Rs 1 Crore each
6	Nature of Instrument	Unsecured, Subordinated Basel III Compliant Additional Tier I Bonds The bonds are neither secured nor covered by a guarantee of the Bank nor related entity or other arrangements that legally or economically enhances the seniority of the claim of the bondholder vis-à-vis other creditors of the Bank.
7	Objects of the Issue	Augmenting Additional Tier I Capital (As per the terms defined in Basel III guidelines) and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long-term resources in accordance with RBI Guidelines.
8	Utilization of the Proceeds of the Issue	The Bank shall utilize the proceeds of the issue for augmenting Additional Tier 1 Capital and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long term resources in accordance with RBI/ SEBI/ Stock Exchange(s) Guidelines The Bank undertakes that proceeds of the issue shall not be used for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by RBI/SEBI/Stock Exchanges.
9	Status of Bonds / Seniority of Claims	The Claims of the Bondholders in respect of the bonds shall : 1. be superior to the claims of investors in equity shares and perpetual non-cumulative preference shares issued by the Bank , if any; 2. be subordinated to the claims of depositors, general creditors & subordinated debt of the Bank, other than any subordinated debt qualifying as Additional Tier 1 Capital (as defined in the Basel III Guidelines); 3. Neither be secured nor covered by a guarantee of the Issuer nor related entity or any other arrangements that legally or economically enhances the seniority of the claim vis-à-vis creditors of the Bank; 4. Unless the terms of any subsequent issuance of bonds/debentures (in the nature of AT1 instruments) by the Bank specifies that the claims of such subsequent bond holders are senior or subordinate to the bonds issued under this Placement Memorandum or unless the RBI specifies otherwise in its guidelines or regulations, the claims of the Bond holders shall be paripassu with claims of holders of such subsequent debentures/bond issuances of the Bank; 5. Rank paripassu without preference amongst themselves and other subordinated debt classifying as Additional Tier 1 Capital in terms of Basel III Guidelines. Additional Tier 1 Capital shall have the meaning ascribed to such terms under Basel III Guidelines. Notwithstanding anything to the contrary stipulated herein, the claims of the Bondholders shall be subject to the provisions of "coupon discretion",

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		<p>“loss absorbency”, permanent “write-off on PONV Trigger event” and “other events” mentioned in the Placement Memorandum and this Summary Term sheet.</p> <p>The instrument cannot contribute to liabilities exceeding assets if such a balance sheet test forms part of a requirement to prove insolvency under any law or otherwise.</p>
10	Listing	<p>Proposed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited (“NSE”).</p> <p>The issuer shall make listing application to NSE and seek listing permission within 4 days from the days from the issue closure date (being the date on which bids are accepted on the electronic bidding platform) of bonds.</p>
11	Credit Rating	<p>“CRISIL AA+/Stable” by CRISIL Ltd;</p> <p>“IND AA/Stable” by India Ratings and Research Ltd</p>
12	Mode of Issue	Private Placement through Electronic Bidding Platform (EBP).
13	Issuance Mode	Only in dematerialized form
14	Type of Bidding	Closed Bidding; on Electronic Bidding Platform (EBP) of NSE (National Stock Exchange)
15	Manner of allotment	Uniform Coupon/Yield
16	Eligible Investors	<p>In terms of Chapter XIII of the SEBI NCS Operational Circular, only Qualified Institutional Buyers (QIBs) are allowed to participate in the issuance of AT1 instruments.</p> <p>Only those investors who are permitted to invest in this issue as per RBI guidelines and SEBI NCS regulation, applicable for issuance and listing of these bonds.</p> <p>The following class of investors who fall under the definition of Qualified Institutional Buyers under Regulation 2 (ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, are eligible to participate in the offer (being Eligible Investors) ;</p> <ul style="list-style-type: none"> i. a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with SEBI; ii. a foreign portfolio investor other than individuals, corporate bodies and family offices; iii. a public financial institution; iv. a scheduled commercial bank; v. a multilateral and bilateral development financial institution; vi. a state industrial development corporation; vii. an insurance company registered with the Insurance Regulatory and Development Authority of India; viii. a provident fund with minimum corpus of twenty five crore rupees; ix. a pension fund with minimum corpus of twenty five crore rupees; x. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; xi. insurance funds set up and managed by army, navy or air force of the Union of India; and xii. insurance funds set up and managed by the Department of Posts, India; and xiii. Systemically important non-banking financial companies. <p>This being a private placement Issue, the eligible investors who have</p>

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		<p>been addressed through this communication directly and are allowed to participate in terms of Chapter XIII of the SEBI NCS Operational Circular, are only eligible to participate.</p> <p>This Issue is restricted only to the above investors. Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the issue.</p> <p>Prior to making any investment in these Bonds, each investor should satisfy and assure himself/herself/itself that he/she/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 Placement Memorandum (and/or any Transaction Document in relation thereto and/or any draft of the Transaction Documents and/or the Placement Memorandum) 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.</p> <p>*Investment by FIIs in these Bonds raised in Indian Rupees shall be within an overall limit of 49% of the issue size subject to the restriction that investment by each FPI shall not exceed 10% of the issue size.</p> <p>Further Investment by FPIs in the bonds raised in Indian Rupees shall be subject to compliance with terms and conditions stipulated by the RBI, SEBI or any other regulatory authorities on investment in these Bonds.</p> <p>The issuance being a private placement through the Electronic Bidding Platform of NSE, the investors who have bid on their own account or through their arrangers, if any, appointed by Issuer, in the issue through the said platform and in compliance with the SEBI NCS Operational Circular on the above subject and NSE EBP Operating Guidelines are only eligible to apply.</p> <p>Notwithstanding any acceptance of bids by the bank on and /or pursuant to the bidding process, on the electronic book platform, (a) if a person, in the bank's view, is not an eligible investor, the Bank shall have the right to refuse allotment of Bonds to such person and reject such person's application; (b) If after applying for subscription to these bonds and / or allotment of bonds to any person, such person(S) becomes ineligible and /or is found to have been ineligible to invest in / hold these bonds , the issuer shall not be responsible in any manner.</p>
17	Trading Mode	Only in dematerialized form
18	a. Security	Unsecured
	b. Undertaking on creation of Security	Not Applicable. The Bonds are unsecured in nature and hence no permission or consent from any earlier creditor is required for security creation.
19	Convertibility	Non-Convertible
20	a. Face Value	Rs.1,00,00,000/- (Rupees One Crore only)
	b. Trading Lot	The minimum trading lot size shall be as required under Chapter XIII of the SEBI NCS Operational Circular as amended from time to time.
21	Issue Premium	Nil
22	Issue Discount	Nil
23	Issue Price	At par i.e. Rs 1,00,00,000 (Rupees One Crore Only) per Bond.
24	Minimum Application	1 Bond (i.e. Rs 1 crore) and in multiples of 1 bond thereafter
25	Tenor	Perpetual i.e. there is no maturity date and there are no step-ups or other

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		incentives to redeem.
26	Redemption date	Not applicable as the Bonds are perpetual and there shall be no redemption date.
27	Redemption Premium	Nil
28	Redemption Discount	Nil
29	Redemption Amount	Not applicable. However, in case of Redemption on account of exercise of Call Option or Otherwise, in accordance with RBI Guidelines, the Bonds shall be redeemed at Par along with Interest accrued till one day prior to the call option date, subject to adjustments and / Write Off on account of "Coupon Discretion", "Loss Absorbency", "Write-off on PONV Trigger event" and Other Events as mentioned in this Summary Term Sheet.
30	Mode of Redemption	Not Applicable
31	Coupon Rate	8.40% per annum subject to "Coupon Discretion", "Loss absorbency", "Write-off on PONV Trigger event" and "Other Events" mentioned in this Summary Term Sheet.
32	Coupon Reset	Not Applicable
33	Coupon Type	Fixed
34	Coupon Payment Frequency	Annual subject to "Coupon Discretion" and / or "Loss Absorbency" (as the case may be)
35	Cumulative or Non-Cumulative	Non-Cumulative subject to "Coupon Discretion", "Loss Absorbency", "Write-off on PONV Trigger Event" and "Other Events" mentioned in this Summary Term Sheet
36	Coupon Payment Dates	On the Anniversary of Deemed Date of Allotment i.e 25-10-2021 each year, subject to RBI regulations (up to Call option date, in case Call option is exercised by the Bank)
37	Computation of Interest/Day count Basis	The Interest for each of the interest periods shall be computed as per Actual/ Actual day count convention on the face value/ principal outstanding at the coupon rate rounded-off to the nearest rupee. (As per SEBI NCS Operational Circular dated August 10, 2021 bearing Reference No SEBI/HO/DDHS/P/CIR/2021/613) on the face value / Principal Outstanding after adjustments and write off on account of "Loss absorbency", "Write-off on PONV Trigger Event" and " Other events" mentioned in this Summary Term Sheet , at the Coupon rate Rounded off to the Nearest Rupee The Interest period means each period beginning on (and including) the deemed date of allotment or any coupon payment date and ending on (but excluding) the next coupon payment date/ Issuer Call date, tax call date or regulatory call date (as defined later) (if exercised). In case of a leap year, if February 29 falls during the tenor of the bonds then the number of days shall be reckoned as 366 days (actual/ actual day count convention) for a whole 1 year period.
38	Step up /Step down Coupon rate	Not applicable
39	Coupon Discretion	a) The Bank shall have full discretion at all times to cancel Coupon either in part or full. On cancellation of payment of Coupon, these payments shall be extinguished and the Bank shall have no obligation to make any distribution/Coupon payment in cash or kind. b) The Bonds do not carry a 'dividend pusher' feature i.e. if the Bank makes any payment (coupon/dividend) on any other capital instrument or share, the Bank shall not be obligated to make Coupon payment on the Bonds; c) Cancellation of Coupon/discretionary payments shall not be an event of default. d) Bank shall have full access to cancelled Coupons/ payments to meet

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		<p>obligations as they fall due.</p> <p>e) Cancellation of Coupon/distributions/payments shall not impose restrictions on the Bank except in relation to distributions to common stakeholders.</p> <p>f) Coupons, unless cancelled by the bank, shall be paid out of distributable items. In this context, coupon may be paid out of current year profits. However, if current year profits are not sufficient, coupon may be paid subject to availability of:</p> <p>(i) Profit brought forward from previous years and/ or</p> <p>(ii) Reserves representing appropriation of net profits including statutory reserves and excluding share premium, revaluation reserve, foreign currency translation reserve, investment reserve and reserves created on amalgamation.</p> <p>The accumulated losses and deferred revenue expenditure, if any, shall be netted off from (i) and (ii) to arrive at the available balances for payment of coupon.</p> <p>If the aggregate of (a) profits in the current year; (b) profits brought forward from the previous years and (c) permissible reserves as at (ii) above, excluding statutory reserves, net of accumulated losses and deferred revenue expenditure are less than the amount of coupon, only then the bank shall make appropriation from the statutory reserves. In such a case, the Banks shall be required to report to the Reserve Bank of India within 21 days from the date of such appropriation in compliance with Section 17(2) of the Banking Regulation Act, 1949.</p> <p>However, payment of coupons on the Bonds from the reserves shall be subject to the Bank meeting minimum regulatory requirements for CET1, Tier 1 and Total Capital ratios including the additional capital requirement for Domestic Systemically Important Banks at all times and subject to the restrictions under capital buffer frameworks (i.e. capital conservation buffer, countercyclical capital buffer in terms of paragraph 15 and 17 respectively of the Basel III guidelines).</p> <p>g) The Coupon on the Bonds shall not be cumulative. If Coupon is cancelled or not paid or paid at a rate lesser than the Coupon Rate, such unpaid and/or cancelled Coupon will not be paid in future years. Non-payment of coupon will not constitute an event of default in respect of the bonds.</p> <p>h) If Coupon is paid at a rate lesser than the prescribed rate, the unpaid amount will not be paid in future years, even if adequate profit is available and the level of CRAR conforms to the regulatory minimum.</p> <p>In the event the issuer determines that it shall not make a payment of coupon on the bonds, the issuer shall notify the trustee not less than 21 (twenty one) calendar days prior to the relevant coupon payment date of that fact and of the amount that shall not be paid.</p>
40	Dividend Stopper Clause	<p>The Bonds shall have a “dividend stopper arrangement” which shall oblige the Bank to stop dividend payments on equity/ common shares in the event of Bondholders not being paid Coupon. If any interest is cancelled, then from the date of which such cancellation has first been notified (a “Dividend Stopper Date”) the Bank will not:</p> <p>1) Declare or pay any discretionary distribution or dividend or make any other payment on, or directly or indirectly redeem, purchase, cancel,</p>

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		<p>reduce or otherwise acquire its Common Equity Tier I Capital (other than to the extent that any such distribution, dividend or other payment is declared before such Dividend Stopper Date or where the terms of the instrument do not at the relevant time enable the bank to cancel or defer such payment); or</p> <p>2) Pay discretionary interest of any other discretionary distribution on, or directly or indirectly redeem, purchase, cancel, reduce or otherwise acquire, any of its instruments or security ranking, as to the right of payment of dividend, distributions or similar payments, paripassu with the bonds (excluding securities the terms of which stipulate mandatory redemption).</p> <p>In each case unless or until 1) The occurrence of next coupon payment date, following the Dividend Stopper Date, on which payment of the coupon amount has resumed and such coupon (payable on such coupon payment date) has been paid in full, or 2) The prior approval of the bond holder has been obtained via an extraordinary resolution (as per the mechanism stipulated in the debenture trust deed). It is hereby clarified that coupon on the bonds shall not be cumulative. If coupon is cancelled or not paid or paid at a rate lesser than the coupon rate, such unpaid and/or cancelled coupon will not be paid in the future years.</p> <p>For avoidance of doubt, the dividend stopper will not:</p> <p>a) Stop payment on another instrument where the payments on such an instrument are not fully discretionary;</p> <p>b) Prevent distribution to share holder for a period that extends beyond the point in time at which interest on the bonds is resumed;</p> <p>c) Impede the normal operation of the bank, including actions in connection with employee share plans or any restructuring activity, including acquisitions and disposals; or</p> <p>d) Impede the full discretion that the bank has, at all times, to cancel the distributions or payments on the bonds nor act in a way that could hinder the recapitalization of the Bank.</p> <p>Dividend stopper clause will be applicable to these bonds and it will stop dividend payments on common shares in the events the holders of these are not paid coupon.</p> <p>In the event the holders of these bonds are not paid coupon, they shall not impede the full discretion that issuer has at all times to cancel distributions/payments on the bonds, nor will they impede/ hinder:</p> <p>a) The re-capitalization of the issuer.</p> <p>b) The issuer's right to make payments on other instruments, where the payments on this other instruments were not also fully discretionary.</p> <p>c) The issuer's right to making distributions to share holders for a period that extends beyond the point in time that coupon/ dividends on the bonds are resumed.</p> <p>d) The normal operation of the issuer or any restructuring activity (including acquisitions/disposals)</p>
41	Record Date	<p>Reference date/ Record date for payment of coupon/ principal which shall be the date falling 15 (fifteen) days prior to</p> <ul style="list-style-type: none"> each Coupon Payment Date on which coupon amount is due and payable and

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		<ul style="list-style-type: none"> Call Option Due Date on which the Call Option is due and payable, if Call Option is exercised by the Bank.
42	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 Bank's Account up to one day prior to the Deemed Date of Allotment.</p> <p>The Bank shall not be liable to pay interest in case of invalid applications or applications liable to be rejected including application made by a person who is not an eligible Investor.</p> <p>If the pay-in date and deemed date of allotment fall on the same day, the interest on application money shall not be applicable. Further, no interest on application money will be payable in case the issue is withdrawn by the issuer in accordance with Operational Guidelines.</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>Income Tax at Source (TDS) will be deducted at the applicable rate on interest on Application Money.</p>
43	Put Option	Not Applicable
44	Call Option Price	At par, along with interest accrued till one day prior to the Call Option Date subject to adjustments and/ or write-off on account of "Coupon Discretion", "Loss Absorbency", "Write-off on PONV Trigger Event" & "Other Events" mentioned in this Summary Term Sheet.
45	Call Option date	<p>On the fifth anniversary from the deemed date of allotment or any anniversary date thereafter with prior approval of RBI subject to Tax call/ Regulatory call .</p> <p>In case of Tax call or Regulatory call, the date may be specified in the notice to debenture trustees.</p>
46	Call Notification Time	30 (Thirty) calendar days prior to the date of exercise of Call Option
47	Condition for exercise of call option	<p>The Call Option may be exercised subject to following conditions:</p> <p>i) Such Call Option, if exercised, shall only be after the expiry of 5 (five) years from the Deemed Date of Allotment;</p> <p>ii) To exercise the Call Option, the Bank must receive prior approval of RBI (Department of Banking Regulation);</p> <p>iii) The Bank shall not exercise Call Option unless:</p> <p>a) The Bond is replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Bank; or</p> <p>b) The Bank demonstrates that its capital position is well above the minimum capital requirements after the call option is exercised.</p>
48	Issuer Call Option	The Issuer may, at its sole discretion, with prior approval of the RBI, and having notified the Debenture Trustee not less than 21 calendar days prior

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		<p>to the date of exercise of Call Option (which notice shall specify the date fixed for exercise of Call Option) may exercise Call Option on the outstanding Bonds.</p> <p>The Call Option, which shall be exercisable at the sole discretion of the Bank, may or may not be exercised on the Fifth anniversary of the Deemed Date of Allotment or any Coupon Payment Date thereafter.</p>
49	Tax Call	<p>If there is any change in, or amendment to, the laws affecting taxation (or regulations or rulings promulgated there under) in India or any change in the official application of such laws, regulations or rulings (a "Tax Event") like the Issuer will no longer being entitled to claim a deduction in respect of computing its taxation liabilities with respect to coupon on the Bonds, Issuer may, at its option, redeem the Bonds, in whole but not in part, at a redemption price equal to outstanding principal amount subject to adjustment on account of "Loss Absorbency", "Write-off on PONV trigger event" and other events mentioned in the Term Sheet, together with any accrued but unpaid interest (subject to Coupon Discretion) to (but excluding) the date fixed for exercising call option on such Bonds. Any redemption upon the occurrence of a Tax Event will be subject to the provisions described under "Call Notification Time" and conditions (ii) and (iii) enumerated under "Condition for exercise of Call Option"</p> <p>RBI may permit the Issuer to exercise the Tax Call only if the RBI is convinced that the Issuer was not in a position to anticipate the Tax Call at the time of issuance of the Bonds and if the Bank demonstrates to the satisfaction of RBI that the Bank's capital position is well above the minimum capital requirements after the call option is exercised.</p>
50	Regulatory Call	<p>If there is a change in the regulatory classification of the Bonds that occurs on or after the issue date of the Bonds (a "Regulatory Event"), Issuer may, at its option, redeem the Bonds, in whole but not in part, at a redemption price equal to outstanding principal amount subject to adjustment on account of "Loss Absorbency" and Other Events mentioned in this Summary Term Sheet, together with any accrued but unpaid interest (subject to Coupon Discretion) to (but excluding) the date fixed for exercising call option on such Bonds. Any redemption upon the occurrence of a Regulatory Event will be subject to the provisions described under "Call Notification Time" and conditions (ii) and (iii) enumerated under "Condition for exercise of Call Option"</p> <p>RBI may permit the Issuer to exercise the Regulatory Call only if the RBI is convinced that the Issuer was not in a position to anticipate the Regulatory Call at the time of issuance of the Bonds and if the Bank demonstrates to the satisfaction of RBI that the Bank's capital position is well above the minimum capital requirements after the call option is exercised.</p> <p>A Regulatory Event is also deemed to have occurred if there is a downgrade of the bonds in regulatory classification i.e. Bonds is excluded from the consolidated Tier 1 Capital of the Issuer.</p>
51	Repurchase / Redemption / Buy-Back	<p>The outstanding Principal amount of the Bonds may be repaid (e.g. through repurchase or redemption) subject to prior approval of RBI. (this repurchase/buy-back/redemption of the principal amount shall be in a situation other than in the event of exercise of call option by the bank.</p> <p>a) The Bank may repurchase/ buy-back/ redeem the Bonds only if:</p> <p>(i) It replaces the Bonds with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the Bank; or</p> <p>(ii) The Bank demonstrates that its capital position is well above the minimum capital requirements after the repurchase/ buy-back/ redemption.</p>

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		<p>b) The issuer has not assumed or created any market expectations that RBI approval for such repurchase/ redemption/ buy-back shall be given.</p> <p>c) Any other preconditions specified in the Basel III guidelines at such time have been satisfied.</p> <p>Such bonds may be held, reissued, resold, extinguished or surrendered, at the option of the Issuer.</p>
52	Depository	National Securities Depository Ltd (NSDL) & Central Depository Services (India) Ltd (CDSL)
53	Cross Default	Not Applicable
54	Settlement	Payment of interest and repayment of principal shall be made by way of credit through direct credit/ National Electronic Clearing Service/ RTGS/ NEFT mechanism or any other permitted method at the discretion of the Issuer.
55	Settlement cycle for EBP	T+2 (issuance)
56	Transaction Documents	<p>The Bank has executed / shall execute the documents including but not limited to the following in connection with the issue:</p> <ol style="list-style-type: none"> 1. Letter appointing M/s SBICAP Trustee Company Ltd as Trustees to the Bond Holders; 2. Debenture Trusteeship Agreement/ Bond Trusteeship agreement/Debenture Trust Deed; 3. Rating letter from Rating Agencies namely CRISIL and India Ratings; 4. Letter appointing Registrar and agreement entered into between the Issuer and the Registrar; 5. Tripartite agreement between the Issuer, Registrar to the Issue and NSDL for issue of Bonds in dematerialized form; 6. Tripartite agreement between the Issuer, Registrar to the Issue and CDSL for issue of Bonds in dematerialized form; 7. Application made to NSE for seeking its in-principle approval for listing of bonds; 8. Listing Agreement with NSE. 9. Placement Memorandum.
57	Conditions precedent to subscription of Bonds	<p>The subscription from investors shall be accepted for allocation and allotment by the Issuer, subject to the following:</p> <ol style="list-style-type: none"> 1. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s); 2. Letter from NSE conveying its In-principle approval for listing and trading of Bonds 3. Rating Letters from rating agencies not more than one month old from the date of issuance. 4. Letter from the Registrar conveying its consent to act as registrar to issue. 5. Any other document customary for this transaction.
58	Conditions subsequent to subscription of Bonds	<p>The Bank shall ensure that the following documents are executed/ activities are completed as per terms mentioned in this Placement Memorandum:</p> <ol style="list-style-type: none"> 1. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment, 2. Making listing application to NSE within 4 days from the issue date (being the date on which bids are accepted on the electronic bidding platform) in pursuance of SEBI NCS Regulations 2021; 3. Besides, the issuer shall perform all the activities, whether mandatory or otherwise, as mentioned elsewhere in this Placement Memorandum.
59	Recapitalization	The Bonds shall not have any features that hinder re-capitalization, such as provisions which require the Bank to compensate investors if a new instrument is issued at a lower price during a specified time frame

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60	Reporting of Non-payment of Coupons	All instances of non-payment of coupon shall be notified by the Bank to the Chief General Managers-in-Charge of Department of Banking Regulation and Department of Banking Supervision of the Reserve Bank of India, Mumbai.
61	Compliance with Reserve Requirements	The total amount of Bonds issued by the Bank shall not be reckoned as liability for calculation of net demand and time liabilities for the purpose of reserve requirements and, as such, shall not attract CRR / SLR requirements.
62	Conditions for breach of Covenants	The Bondholders shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation of the Issuer.
63	Default Interest Rate	In case of default in payment of Interest and / or principal redemption on the due dates, additional interest at 2% per annum over the Coupon Rate will be payable by the Issuer for the defaulting period. If the Bank fails to execute the trust deed within prescribed timeline from the closure of the issue, the Bank shall pay additional interest at 2% p.a. to the debenture holders, over and above the agreed coupon rate, till the execution of the trust deed. However any non payment of interest and / or principal on account of RBI guidelines on Basel III capital regulations , Coupon discretion, Loss absorbency, Write off on PONV Trigger and other events of this Summary term sheet, no such default interest shall be payable.
64	Issue Schedule : 1. Opening Date* 2. Closing Date*	21-10-2021 21-10-2021
65	Pay-In-Date*	25-10-2021
66	Deemed Date of Allotment*	25-10-2021
* The Bank reserves its sole and absolute right to modify (pre-pone/ post-pone) the above issue schedule without giving any reasons or prior notice. In such a case, applicants shall be intimated about the revised time schedule by the Bank. The Bank also reserves the right to keep multiple Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/ Pay in Dates is/are changed (pre-poned/ post-poned), the Deemed Date of Allotment may also be changed (pre-poned/ post-poned) by the Bank at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates may also be changed at the sole and absolute discretion of the Bank.		
Loss absorption features of Additional Tier 1 (AT1) Instruments at the Pre-Specified Trigger and/or PONV		
67	Loss Absorption/ Loss Absorbency	The Bonds may be classified as liabilities for accounting purposes. The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent) are issued subject to loss absorbency features applicable for non-equity capital instruments issued in terms of Basel III Guidelines including in compliance with the requirements of Annex 4 thereof and are subject to certain loss absorbency features as described herein and required of Additional Tier 1 instruments at Pre-Specified Trigger Level and at the Point of Non Viability as provided for in Annex 16 of the aforesaid circular as amended from time to time. Accordingly, the Bonds and any claims or demands of any Bondholder or any other person claiming for or on behalf of or through such Bondholder, against the Bank, may be written down in whole or in part in case of Pre-specified Trigger Level or written-off in case of trigger event of Point of Non-Viability (PONV).

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68	Loss Absorption at Specified Trigger Level Pre-	<p>If the Common Equity Tier 1 of the Bank falls below 5.5% of risk weighted assets ("RWA") before 1st October 2021 and if Common Equity Tier 1 falls below 6.125% of RWA from 1st October 2021, each of the trigger levels referred to hereinabove is called the "Pre-Specified Trigger Level"</p> <p>A write-down of the Bonds may have the following effects:</p> <p>(iv) reduce the claim of the Bond (up to nil) in liquidation;</p> <p>(v) reduce the amount to be re-paid on the Bond when call is exercised (up to nil);</p> <p>(vi) partially or fully reduce Coupon payments on the Bond In relation to Loss Absorption at Pre-Specified Trigger Level, the following may be noted:</p> <p>f) The write-down of any Common Equity Tier 1 capital shall not be required before a write-down of any AT1 Instrument (including the Bonds).</p> <p>g) The aggregate amount to be written-down for all AT1 Instruments on breaching the Pre-Specified Trigger Level must be at least the amount needed to immediately return the Bank's CET1 ratio to the trigger level (i.e. CET from write-down generated under applicable Indian Accounting Standards or RBI Instructions net of contingent liabilities, potential tax liabilities etc., if any) or, if this is not possible, the full principal value of the instruments.</p> <p>h) Further, the Bank shall have full discretion to determine the amount of AT1 Instruments (including the Bonds) to be written-down subject to the amount of write-down not exceeding the amount which would be required to bring the CET1 ratio to 8% of RWAs (minimum CET1 of 5.5% + capital conservation buffer of 2.5%).</p> <p>i) When the Bank breaches a Pre-Specified Trigger Level and the equity is replenished through write-down, such replenished amount of equity will be excluded from the total equity of the Bank for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining capital conservation buffer. However, once the Bank has attained total common equity ratio of 8% without counting the replenished equity capital that point onwards, the Bank may include the replenished equity capital for all purposes.</p> <p>j) The Bank shall have the discretion to write-down the Bonds multiple times in case the Bank hits Pre-Specified Trigger Level subsequent to the first write-down.</p> <p>k) The Bonds which have been written off can be written up (partially or fully) at the absolute discretion of the Bank and subject to compliance with RBI instructions (including permission, consent if any).</p>
69	Loss Absorption at the Point of Non-Viability (PONV)	<p style="text-align: center;">Permanent Write Off on PONV Trigger Event</p> <p>The Bonds can be permanently written-off upon the occurrence of the PONV Trigger (as per the section "Write-off on Trigger Event" below). PONV trigger event shall be as defined in the aforesaid Basel III Guidelines and shall be determined by the RBI.</p> <p>RBI may in its imminence alter or modify the PONV trigger whether generally or in relation to the Bank or otherwise. In any case it should be noted that following writing-off of the Bonds and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated.</p> <p>Unless otherwise specified in this Placement Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms</p>

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		<p>of the aforesaid circular or any replacement/amendment thereof), whether senior or paripassu or subordinate, and whether Additional Tier 1 capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders.</p>
70	Write-off on Point of Non-Viability ("PONV") Trigger	<p>The Bonds are issued subject to Basel III Guidelines on PONV as amended from time to time (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent), and at the option of the RBI, can be permanently written-off upon the occurrence of the trigger event, called "Point of Non-Viability Trigger" ("PONV Trigger").</p> <p>The PONV Trigger event is the earlier of:</p> <ol style="list-style-type: none"> decision that a full and permanent write-off without which the Bank would become non-viable, is necessary, as determined by the Reserve Bank of India; and the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the relevant authority. <p>The amount of non-equity capital to be written-off will be determined by RBI.</p> <p>The write-off of any Common Equity Tier 1 capital shall not be required before the write-off of any Non-equity (Additional Tier 1 and Tier 2) regulatory capital instrument. The order of write-off of the Bonds shall be as specified in the order of seniority as per this Placement Memorandum and any other regulatory norms as may be stipulated by the RBI from time to time.</p> <p>Such a decision would invariably imply that the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. The Bondholders shall not have any residual claims on the Bank (including any claims which are senior to ordinary shares of the Bank), following any trigger event.</p> <p>In any case it should be noted that following writing-off of the Bonds and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated. Unless otherwise specified in this Placement Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/amendment thereof), whether senior or paripassu or subordinate, and whether an Additional Tier 1 capital or otherwise shall not be required before the write-off of any of the Bonds and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders.</p>

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		<p>For these purposes, the Bank may be considered as 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 RBI 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 write-off / conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the RBI.</p> <p>The Bank facing financial difficulties and approaching a PONV will 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 augmentation of equity capital through write off of Bonds/ public sector injection of funds are likely to:</p> <ol style="list-style-type: none"> Restore depositors'/investors' confidence; Improve rating /creditworthiness of the Bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and Augment the resource base to fund balance sheet growth in the case of fresh injection of funds. <p>The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level will trigger write-off.</p>
71.	Criteria to determine the PONV	<p>RBI may in its imminence alter or modify the PONV trigger whether generally or in relation to the Bank or otherwise, in accordance with applicable laws. The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level will trigger write-off.</p>
72.	Treatment of AT1 Instruments in the event of Winding-Up, Amalgamation, Acquisition, Re-Constitution, etc. of the Bank ("Other Events")	<ol style="list-style-type: none"> If the Bank goes into liquidation before the AT1 -down, instruments have been written these instruments shall absorb losses in accordance with the order of seniority indicated in the Placement Memorandum and as per usual legal provisions governing priority of charges If the Bank goes into liquidation after the AT1 instruments have been written-down, the holders of these instruments shall have no claim on the proceeds of liquidation. Amalgamation of a banking company: (Section 44 A of BR Act, 1949 as amended from time to time) <ol style="list-style-type: none"> If the Bank is amalgamated with any other bank before the AT1 instruments have been written-down, these instruments 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 AT1 instruments have been written-down temporarily, the amalgamated entity can write-up these instruments as per its discretion. If the Bank is amalgamated with any other bank after the non-equity regulatory capital instruments have been written-down permanently, these cannot be written-up by the amalgamated entity. Scheme of reconstitution or amalgamation of a banking company: (Section 45 of BR Act, 1949 as amended from time to time) <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, then 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 AT1/Tier II Instruments will be activated. Accordingly, the</p>

Placement Memorandum

		Bonds will be fully written-off permanently before amalgamation / reconstitution in accordance with these rules.
73.	Order of claim of AT 1 instruments at the event of Gone concern situation	<p>The order of claims/ write-down of various types of regulatory capital instruments issued by the Bank or may be issued by the Bank in future shall be in accordance with the order of seniority and as per usual legal provisions governing priority of charges. The claims of Bondholders (investors in Perpetual Debt Instruments for inclusion as Additional Tier 1 Capital) shall be:</p> <p>a) superior to the claims of investors in equity/ common shares, perpetual non-cumulative preference shares and other regulatory capital instruments eligible for inclusion in Tier 1 capital of the Bank. However, claims of Perpetual Debt Instruments eligible for inclusion in Additional Tier 1 capital shall be on paripassu basis amongst themselves irrespective of the date, amount or terms of issue;</p> <p>b) subordinated to the claims of (i) all depositors; (ii) general creditors; (iii) subordinated debt other than subordinated debt qualifying as Additional Tier 1 capital; (iv) subordinated debt eligible for inclusion in hybrid Tier 1 capital under the then prevailing Basel II guidelines (to the extent permitted under the RBI guidelines); (v) Debt Capital Instruments eligible for inclusion in Tier 2 capital issued and to be issued in future by the Bank; (vi) perpetual cumulative preference shares; (vii) redeemable non-cumulative preference shares; (viii) redeemable cumulative preference shares eligible for inclusion in Tier 2 capital issued and to be issued in future by the Bank.</p> <p>c) neither secured nor covered by a guarantee of the Bank or its related entity or any other arrangement that legally or economically enhances the seniority of the claims of Bondholders vis-à-vis creditors of the Bank;</p> <p>d) Claims of holders of perpetual non-cumulative preference shares shall be superior to the claims of holders of equity/ common shares;</p> <p>Notwithstanding anything to the contrary stipulated herein, the claims of the Bondholders shall be subject to the provisions of Coupon Discretion, Loss Absorbency and Other Events mentioned in this Placement Memorandum.</p> <p>The Bonds shall not contribute to liabilities exceeding assets of the Bank if such a balance sheet test forms part of a requirement to prove insolvency under any law or otherwise.</p> <p>Once the Basel III Compliant Additional Tier 1 instruments are written-down, the Bondholders shall have no claim on the proceeds of liquidation.</p>
74	Treatment in Bankruptcy/ Liquidation/Insolvency	The Bond will not contribute to liabilities exceeding assets of the Bank if such a balance sheet forms part of a requirement to prove insolvency under any law or otherwise
75	Prohibition on Purchase/ Funding of Bonds	Neither the Bank nor its related parties 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.
OTHER GENERAL TERMS		
76	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.
77	Applicable RBI Guidelines	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

Placement Memorandum

		<p>Reserve Bank of India on Basel III Capital Regulations and clarification issued thereof vide circular no. DBR.No.BP.BC.71/21.06.201/2015-16 dated January 14, 2016 and DBR. BP.BC.No.50/21.06.201/2016-17 dated February 02, 2017 ("Master Circular") covering terms and conditions for issue of Perpetual Debt Instruments ("PDIs") for inclusion in Additional Tier 1 Capital (Annex 4 of the Master Circular) 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 (Annex 16 of the Master Circular) as amended or replaced from time to time.</p> <p>In the event of any inconsistency in terms of the Bonds as laid down in any of the transaction document(s) and terms of the Master Circular, supremacy of the provisions of the Master Circular over the IM shall prevail.</p> <p>The issue of Bonds and the terms and conditions of the Bonds will be subject to the applicable guidelines issued by the Reserve Bank of India and the Securities and Exchange Board of India (SEBI) from time to time.</p>
78	Events of Default	<p>The Bondholders shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation of the Issuer. It is further clarified that cancellation of discretionary payments or any exercise of Coupon Discretion, Write-off on PONV Trigger Event, Loss Absorbency and Other Events shall not be deemed to be an event of default.</p> <p>The Issuer or the Debenture Trustee may call for meeting of Bondholders as per the terms of the Debenture Trust Deed (to be executed). E-voting facility may be provided, if applicable subject to compliance with regulatory guidelines. In case of any decision that requires a special resolution at a meeting of the Bondholders duly convened and held in accordance with provisions contained in Debenture Trust Deed (to be executed) and applicable law, the decision shall be passed by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is demanded or e-voting facility is used, by a majority representing not less than three-fourths in value of the votes cast on such poll. Notwithstanding anything contained above, if any regulations/ circular/ guidelines issued by SEBI/RBI or any other relevant regulator require the voting to be held in a particular manner, the provisions contained in such regulations/ circular/ guidelines shall prevail. The Debenture Trust Deed (to be executed) shall contain the provisions for the meetings of the Bondholders and manner of voting. Subject to applicable law and regulatory guidelines, a meeting of the Bondholders, may consider the proposal for joining the inter creditor agreement, if applicable, and the conditions for joining such inter creditor agreement, if applicable, will be made part of the meeting agenda and the Trustee will follow the process laid down vide SEBI circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/203 dated October 13, 2020.</p>
79	Trustees	SBICAP TRUSTEESHIP COMPANY LTD.
80	Registrars	Canara Bank Computer Services Limited (CCSL)
81	Compliance Officer	Company Secretary of the Bank
82	Roles and Responsibilities of Trustees	<p>The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) 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 NCS Regulations, the Securities and Exchange Board of India (Debentures Trustees) Regulation,</p>

Placement Memorandum

		<p>1993, the Debenture Trusteeship Agreement, Placement Memorandum and all other related transaction documents, with due care, diligence and loyalty.</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 Listing Agreement issued by SEBI as amended. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all "Qualified Institutional Buyers"(QIBs) within two working days of their specific request.</p> <p>The Debenture Trustee shall be vested with the requisite powers for protecting the interest of the Bondholders. The Debenture Trustee shall ensure disclosure of all material events on an ongoing basis. The Debenture Trustee shall disclose the information to the Bondholders and the general public by issuing a press release and placing on the websites of the Debenture Trustee, the Bank and NSE in the following events:</p> <p>(a) Non-payment of interest on the Bonds by the Bank (whether in pursuance of RBI Regulations or otherwise);</p> <p>(b) Revision in credit rating assigned to the Bonds.</p>
83	Risk factors pertaining to the Issue	The Bonds issued are subject to the "Coupon Discretion", "Loss Absorbency", "Write-off on PONV Trigger Event" and "Other Events" mentioned in this Summary Term Sheet.
84	Convention	"Business Day" shall be all days (excluding Sundays, 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 and when the money market is functioning in Mumbai.
85	Effect of Holiday	<p>If any coupon payment date, other than the ones falling on the redemption date, falls on a day that is not a business day, the payment shall be made by the issuer on the immediately succeeding business day, which becomes the coupon payment date for that coupon. However, the future coupon payment dates would be as per the schedule originally stipulated at the time of issuing the debentures. In other words, the subsequent coupon payment dates would not be changed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a non business day.</p> <p>If the Call Option Due Date (also being the last Coupon Payment Date, in case call option is exercised) of the Bonds falls on a day that is not a Business Day, the Call Option Price 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> <p>In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day shall be considered as the Record Date.</p>
86	Additional Covenants	<p>Delay in Listing: The Issuer shall complete all formalities and seek listing permission within 4 trading days from the issue closure date (being the date on which bids are accepted on the electronic bidding platform). In the event of delay in listing of Bonds beyond 4 days from the issue closure date, the Issuer shall pay penal interest of 1.00% per annum over the Coupon Rate from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).</p> <p>Refusal of Listing: If listing permission is refused before the expiry of the 4 days from the date of closure of issue, the Issuer shall forthwith repay all monies received from the applicants in pursuance of the Placement</p>

Placement Memorandum

		Memorandum along with penal interest of 1.00% per annum over the Coupon Rate from the expiry of 4 days from the Deemed Date of Allotment. If such monies are not repaid within 8 days after the Issuer becomes liable to repay it (i.e. from the date of refusal or 4 days from the date of closure of issue, whichever is earlier), then the Issuer and every director of the Issuer who is an officer in default shall, on and from the expiry of 8 days, will be jointly and severally liable to repay the money with interest at the rate of 15 per cent per annum on application money, as prescribed under relevant section of the Companies Act.												
87	Basis of Allocation/ Allotment	The Bank reserves the right to reject any/ all applications fully or partially at its sole discretion, without assigning any reason whatsoever.												
88	Issue Procedure	In pursuance of Chapter VI of the SEBI NCS Operational Circular dealing with Electronic Book Provider Platform, it is mandatory that a private placement of debt securities of over Rs. 100 crore, including green shop option, be undertaken through the EBP Platform.												
89	Recovery Expense Fund	The issuer shall create a recovery expense fund in the manner and use it for the purpose as maybe specified by SEBI from time to time.												
90	Payment Mode	<div>The remittance of application money should be made by electronic transfer of funds through RTGS/NEFT mechanism for credit to an Account as furnished below:</div> <table><tr><td>Name of the Banker</td><td>CANARA BANK</td></tr><tr><td>Account Name</td><td>CANARA BANK TIER 1 BONDS</td></tr><tr><td>Credit into Current A/c No.</td><td>1589201001258</td></tr><tr><td>IFSC Code</td><td>CNRB0001589</td></tr><tr><td>Address of the Branch</td><td>Ground Floor Canara Bank Building C-14 G Block Bandra Kurla Complex ,Bandra(E) Mumbai 400051</td></tr><tr><td>Narration</td><td>Application money for the Bond issue</td></tr></table>	Name of the Banker	CANARA BANK	Account Name	CANARA BANK TIER 1 BONDS	Credit into Current A/c No.	1589201001258	IFSC Code	CNRB0001589	Address of the Branch	Ground Floor Canara Bank Building C-14 G Block Bandra Kurla Complex ,Bandra(E) Mumbai 400051	Narration	Application money for the Bond issue
Name of the Banker	CANARA BANK													
Account Name	CANARA BANK TIER 1 BONDS													
Credit into Current A/c No.	1589201001258													
IFSC Code	CNRB0001589													
Address of the Branch	Ground Floor Canara Bank Building C-14 G Block Bandra Kurla Complex ,Bandra(E) Mumbai 400051													
Narration	Application money for the Bond issue													

V. UNDERTAKING BY THE ISSUER

i) "Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities have not been recommended or approved by the any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given on page number 1 under the section 'General Risks'."

ii) "The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Offer Document contains all information with regard to the issuer and the issue, that the information contained in the offer 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 make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

iii) "The issuer has no side letter with any debt securities holder except the one(s) disclosed in the offer document/placement memorandum. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

iv) The Issuer declares that the PAN, Aadhaar Number, Driving License Number, Bank Account Number(s) and Passport Numbers of the promoters and PAN of Directors have been submitted to the stock exchanges on which the non-convertible securities are proposed to be listed, at the time of filing the draft offer document/Placement Memorandum.

Restricted

Restricted



Placement Memorandum

VI. DECLARATION

General Risk

Investment in non-convertible securities involves a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section Risk Factors of this Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

The Issuer confirms that:

- (i) The issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 and the rules and regulations made thereunder.
- (ii) The compliance with the Act and the rules does not imply that payment of interest or coupon or repayment of these bonds, is guaranteed by the Central Government.
- (iii) The monies received under the offer shall be used only for the purposes and objects indicated in the Offer document;
- (iv) whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained.

Restricted

Signed pursuant to internal authority granted.

For Canara Bank



General Manager, Authorized Signatory
Place: Bangalore, Karnataka
Date: 16-10-2021



Restricted



ANNEXURE-I CRISIL RATING LETTER & RATIONALE

Ratings

CONFIDENTIAL

CRISIL
An S&P Global Company

RL/CANBANK/278832/TIBUBILL/0921/18516/71619149
September 29, 2021

Shri Mahesh M Pai
General Manager - Treasury
Canara Bank
Canara Bank Building, 2nd Floor, B Wing,
C-14, G Block, Bandra Kunda Complex
Bandra East
Mumbai City - 400051

Dear Shri Mahesh M Pai,

Re: Review of CRISIL Rating on the Tier I Bonds (Under Basel III) Aggregating Rs.4000 Crore of Canara Bank

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

CRISIL Ratings has, after due consideration, upgraded its rating on the captioned debt instrument to CRISIL AA+/Stable (pronounced as CRISIL double A plus rating with Stable outlook) from CRISIL AA/Stable (pronounced as CRISIL double A rating with Stable outlook). Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

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 Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings 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 Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating.

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As per SEBI circular (reference number: CIR/IMD/DE/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debt securities, 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/debt securities issued 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 Ratings 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 at debtissue@crsil.com for any clarification you may need.

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

With warm regards,

Yours sincerely,



Aasha Muru
Associate Director - CRISIL Ratings



Nivedita Shiba
Associate Director - CRISIL Ratings



Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' 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 Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings 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 Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings 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. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisil.com. CRISIL Ratings or its associates may have other commercial transactions with the company/ entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please contact Customer Service Helpdesk at CRISILratingsdesk@crsil.com or at 1800-267-1201.

CRISIL Ratings Limited
(A subsidiary of CRISIL Limited)
Corporate Identity Number: U67100MH2019PLC026247

Registered Office: CRISIL House, Central Avenue, Hinnavadi Business Park, Powai, Mumbai - 400 076. Phone: +91 22 3342 3000 | Fax: +91 22 4040 5800
www.crisilratings.com

Restricted



Ratings

CRISIL Ratings Limited (A subsidiary of CRISIL Limited)



Rating Rationale

September 28, 2021 | Mumbai

Canara Bank

Rating on Tier I bonds (under Basel III) upgraded to 'CRISIL AA+/Stable'

Rating Action

Rs.4000 Crore Tier I Bonds (Under Basel III)	CRISIL AA+/Stable (Upgraded from 'CRISIL AA/Stable')
Tier II Bonds (Under Basel III) Aggregating Rs.7900 Crore	CRISIL AAA/Stable (Reaffirmed)
Tier I Bonds (Under Basel III) Aggregating Rs.4000 Crore	CRISIL AA+/Stable (Upgraded from 'CRISIL AA/Stable')
Rs.3400 Crore Tier II Bonds (Under Basel III)*	CRISIL AAA/Stable (Reaffirmed)
Rs.1000 Crore Lower Tier-II Bonds (under Basel II)*	CRISIL AAA/Stable (Reaffirmed)
Rs.2380 crore Tier I Bonds (Under Basel III)*	CRISIL AA+/Stable (Upgraded from 'CRISIL AA/Stable')
Rs.30000 Crore Certificate of Deposits	CRISIL A1+ (Reaffirmed)

*Originally issued by erstwhile Syndicate Bank

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has upgraded its rating on the Tier I bonds (under Basel III) of Canara Bank to 'CRISIL AA+/Stable' from 'CRISIL AA/Stable'. CRISIL Ratings has also reaffirmed its 'CRISIL AAA/Stable/CRISIL A1+' ratings on the Tier II Bonds (under Basel III) and Lower Tier II bonds (under Basel II), and the short-term rating on the certificate of deposit.

The upgrade in the rating of Tier I bonds (under Basel III) factors in the improved position of Canara Bank to make future coupon payments, supported by proposed adjustment of accumulated losses with share premium account, and the improved capital ratios of the bank. Pursuant to the proposed adjustment, the eligible reserves to total assets ratio for the bank will improve. Additionally, vide the Department of Financial Services Gazette notification no. CG-DL-E-23032020-218862 (S.O. 1200 E) dated March 23, 2020 referred to as Nationalised Banks (Management and Miscellaneous Provisions) Amendment Scheme, 2020, the bank still has share premium reserves which can be utilised to set off any losses in future, and this supports the credit profile of the Tier I (under Basel III) instruments. Other public sector banks have also utilised this provision. However, any substantial depletion of the share premium account or any regulatory changes to appropriation of the share premium account pertaining to adjustment of accumulated losses are key monitorables.

Supported by regular capital infusion by the Government of India (GoI), equity raised via qualified institutional placements (QIP) and improved accruals, the capital ratios of Canara Bank have improved, as reflected in tier 1 and overall capital to risk-weighted adequacy ratio (CRAR) of 10.34% and 13.36%, respectively, as on June 30, 2021 as against 9.29% and 12.77%, respectively, a year earlier (10.08% and 13.18%, respectively, as on March 31, 2021). Further, the QIP of Rs 2,500 crore in August 2021, should also support the capital position.

The overall ratings continue to reflect the expectation of strong support from the majority stakeholder, GoI, and the healthy market position of the bank. These strengths are partially offset by the modest, albeit improving, asset quality and earnings profile.

The rating on the Tier I bonds (under Basel III) meets 'CRISIL's rating criteria for BASEL III-compliant instruments of banks'. CRISIL Ratings evaluates the bank's (i) reserves position (adjusted for any medium-term stress in profitability) and (ii) cushion over regulatory minimum Common Equity Tier I (CET1; including Capital Conservation Buffer—CCB) capital ratios. Also evaluated is the demonstrated track record and management philosophy regarding maintenance of sufficient CET1 capital cushion above the minimum regulatory requirements.

The distinguishing features of non-equity tier I capital instruments (under Basel III) are the existence of coupon discretion at all times, high capital thresholds for likely coupon non-payment, and principal write-down (on breach of a pre-specified trigger). These features increase the risk attributes of non-equity tier I instruments over those of tier II instruments under Basel III, and capital instruments under Basel II. To factor in these risks, CRISIL Ratings notches down the rating on these instruments from the corporate credit rating of the bank.

The factors that could trigger a default event for non-equity tier I capital instruments (under Basel III), resulting in non-payment of coupon, are: i) the bank exercising coupon discretion; ii) inadequacy of eligible reserves to honour coupon payment if the bank reports a loss or low profit; or iii) the bank breaching the minimum regulatory CET I (including CCB) ratio. Moreover, given the additional risk attributes, the rating transition for non-equity tier I capital instruments (under Basel III) can potentially be higher and faster than that for tier II instruments.

In-line with the relief measures announced by the Reserve Bank of India (RBI) during the Covid-19 pandemic, Canara Bank had provided moratorium to its borrowers. Though collections declined during the initial months of the first wave, they improved subsequently. However, the second wave of the pandemic led to intermittent lockdowns and localised restrictions, thus impacting collections once again. Although the impact has been moderate during this phase, any adverse change in the payment discipline of the borrowers may lead to higher delinquencies.

Under the schemes announced by the RBI dated January 1, 2019, February 11, 2020 and August 6, 2020, and the resolution framework for stressed accounts, Canara Bank had restructured 1.4% of gross advances as on June 30, 2021. Pursuant to RBI's

Placement Memorandum

10/14/21, 8:58 AM

Rating Rationale

resolution framework 2.0 in May 2021, restructuring stands at 3.3% of gross advances; the ratio could be higher and is still under review. Nevertheless, the ability of the bank to manage collections and asset quality this fiscal, is a key monitorable. Going forward too, the impact of the third wave of the pandemic, if and when it comes in terms of its spread, intensity and duration, will be closely monitored.

Analytical Approach

CRISIL Ratings has combined the business and financial risk profiles of Canara Bank and its subsidiaries and associates. This is because of majority shareholding, business and financial linkages and shared brand. CRISIL Ratings has also factored in the strong support the bank is expected to receive from its majority shareholder, the GoI, on an ongoing basis as well as in case of distress.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

• Expectation of strong support from GoI

The ratings continue to factor in the expectation of strong government support, both on an ongoing basis, and in the event of distress. This is because GoI is a majority shareholder in public sector banks (PSBs) and the guardian of India's financial system. While the shareholding of GoI declined to 62.93% as on August 24, 2021 from 78.55% as on September 30, 2020 post the Rs 2000 crore QIP in December 2020 and Rs 2,500 crore QIP in August 2021, it remains the majority shareholder. Stability of the banking sector is of prime importance to the government given its criticality to the economy, strong public perception of sovereign backing for PSBs and severe implications of any PSB failure in terms of political fallout, systemic stability and investor confidence. The majority ownership creates a moral obligation on GoI to support PSBs, including Canara Bank.

As a part of the Indradhanush framework, the government had pledged to infuse at least Rs 70,000 crore in PSBs over fiscals 2015-2019, of which Rs 25,000 crore each was infused in fiscals 2016 and 2017. Furthermore, in October 2017, the government had outlined a recapitalisation package of Rs 2.11 lakh crore over fiscals 2018 and 2019; Canara Bank and eSyndicate Bank (erstwhile Syndicate Bank) combined received Rs 7,704 crore and Rs 3,963 crore, respectively, in fiscals 2018 and 2019 under this package. Also, GoI allocated Rs 70,000 crore in fiscal 2020, of which Rs 6,571 crore was received. Thus, over the past three fiscals, GoI has infused around Rs 18,238 crore into the combined entity.

The bank had a network of Rs 60,017 crore as on June 30, 2021, also supported by Rs 2,000 crore equity raised by the bank via QIP during fiscal 2021. Further, the bank has raised Rs 2,500 crore equity in August 2021. CET1, Tier-I capital adequacy ratio (CAR) and overall CAR stood at 8.85%, 10.34% and 13.36%, respectively, on the said date (8.61%, 10.08% and 13.18%, respectively, as on March 31, 2021).

• Healthy market position

Canara Bank is one of India's larger PSBs, with total advances and deposits of Rs 6.84 lakh crore and Rs 10.21 lakh crore, respectively, as on June 30, 2021. The merger of eSyndicate Bank has also strengthened the market position of the bank. It had a market share of more than 8% in advances and deposits as on June 30, 2021. It has a pan-India branch presence, with around 9,877 domestic branches and 11,819 automated teller machines (ATMs) across the country on the same date. It also has overseas branches at four locations. Revenue is diversified across businesses, products and geographies, augmenting the strong overall market position. The bank has a strong franchise in the large and mid-size corporate banking segments.

Weakness:

• Modest, albeit improving, asset quality and earnings profile

The asset quality of the bank, with gross non-performing assets (NPAs) of 8.50% as on June 30, 2021 (8.93% as on March 31, 2021) remains modest, albeit with an improving trend. Till fiscal 2020, the slippages for the bank were high, at Rs 24,107 crore during fiscal 2020 and Rs 27,072 crore during fiscal 2019. The slippages were primarily from the bank's large corporate exposure to vulnerable sectors, such as iron and steel, infrastructure and construction and financial sector companies. Its micro and small enterprises exposure has also experienced elevated levels of stress. The slippages have been lower for fiscal 2021, at Rs 17,885 crore (Rs 4,391 crore for the quarter ended June 30, 2021). Asset quality has also been supported by various schemes launched by the GoI and RBI, such as Emergency Credit Line Guarantee Scheme, which has benefitted the micro, small and medium enterprises (MSMEs). The one-time restructuring scheme has also benefitted the reported NPA metrics. Canara Bank had restructured around 3.3% of its advances as on June 30, 2021.

The traction in the slippages, especially in the current challenging macro environment, will continue to be monitored. Nevertheless, with the bank's focus on recoveries, also supported by recoveries through the Insolvency and Bankruptcy Code route, gross NPAs have seen an improving trend. Gross NPAs from the corporate segment stood at around 10.3%, followed by MSMEs (14.6%), agriculture (5.9%) and retail (1.5%) as on June 30, 2021.

While the earnings profile of the bank has been impacted over the last few years primarily because of high credit costs, the same has also seen an improvement in since fiscal 2021. The bank reported profit after tax (PAT) of Rs 2,558 crore during fiscal 2021, as compared to substantial losses incurred over the last couple of years (loss of Rs 5839 crore reported for fiscal 2020). For the quarter ended June 30, 2021, the bank reported a PAT of Rs 1,177 crore. Nevertheless, the earnings profile remains modest, constrained by the lower proportion of current account savings account deposits impacting net interest margin and the pre-provisioning operating profit of the bank. Further, the provisioning coverage ratio (excluding technical write-offs) while increased substantially to around 61.5% as on June 30, 2021, from 44% as on March 31, 2019, remains moderate.

Nevertheless, CRISIL Ratings will continue to monitor the traction in asset quality and its consequent impact on profitability, given the challenging macro environment.

Liquidity: Superior

Liquidity continues to be superior, supported by sizeable retail deposit base that forms a significant part of the total deposits. Liquidity coverage ratio was 133.4% as on June 30, 2021 as against the regulatory requirement of 100%. The excess statutory liquidity ratio was Rs 50475.4 crore (5.19%) as on the same date. Liquidity also benefits from access to systemic sources of funds,

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such as the liquidity adjustment facility from RBI, access to the call money market and refinance limits from sources such as National Housing Bank and National Bank for Agriculture and Rural Development.

Outlook: Stable

Canara Bank should continue to benefit from the strong government support, and have a healthy market share.

Rating Sensitivity factors

Downward factors

- Material change in shareholding and/or expectation of support from GoI
- Higher-than-expected deterioration in the asset quality because of increasing slippages, with gross NPAs crossing 11%, thereby also impacting the earnings profile
- Significant and sustained decline in CAR

About the Bank

Set up in 1906, Canara Bank is one of the larger PSBs. It made its initial public offering in 2002. As on August 24, 2021, GoI's ownership in the bank stood at 62.93%.

Amalgamation of eSyndicate Bank into Canara Bank was effective from April 1, 2020. Following the amalgamation, the merged entity enjoys the benefits of larger balance sheet size, optimised capital utilisation and wider geographic reach, leading to deeper penetration. Canara Bank has a strong domestic branch network, comprising 9,877 domestic branches and 11,819 ATMs. Additionally, it has international presence via four overseas branches (New York, London, Hong Kong and Dubai).

Besides banking, it undertakes factoring, asset management, insurance and retail and institutional broking services through its subsidiaries and associates.

In fiscal 2021, the bank reported a PAT of Rs 2,558 crore on total income (net of interest expense) of Rs 39,347 crore, as against loss of Rs 5,838 crore and Rs 31,154 crore, respectively, for the previous fiscal (for combined bank). For the quarter ended June 30, 2021, it reported a PAT of Rs 1,177 crore on total income (net of interest expense) of Rs 10,585 crore, as against Rs 406 crore and Rs 8,746 crore, respectively, for the corresponding period of the previous fiscal.

Key Financial Indicators

As on / for the period March 31,		2021	2020
Total assets	Rs crore	1153675	1050603
Total income (net of interest expense)	Rs crore	39347	31154
PAT	Rs crore	2558	-5838
Gross NPA	%	8.93	9.39
Overall CAR	%	13.18	12.96
RoA	%	0.2	-0.6

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Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Note on Tier II instruments (under Basel III)

The distinguishing feature of tier II capital instruments under Basel III is the existence of the point of non-viability (PONV) trigger, the occurrence of which may result in loss of principal to the investors and hence, to default on the instrument by the issuer. According to the Basel III guidelines, the PONV trigger will be determined by RBI. CRISIL believes the PONV trigger is a remote possibility in the Indian context, given the robust regulatory and supervisory framework and systemic importance of the banking sector. The inherent risk associated with the PONV feature is adequately factored into the rating on the instrument.

Note on non-equity Tier 1 capital instruments (Under Basel III)

The distinguishing features of non-equity Tier-I capital instruments (under Basel III) are the existence of coupon discretion at all times, high capital thresholds for likely coupon non-payment and principal write-down (on breach of a pre-specified trigger). These features increase the risk attributes of non-equity Tier-I instruments over those of Tier-II instruments under Basel III and capital instruments under Basel II. To factor in these risks, CRISIL Ratings notches down the rating on these instruments from the bank's corporate credit rating. Factors that could trigger a default event for non-equity Tier-I capital instruments (under Basel III), resulting in non-payment of coupon, include: i) the bank exercising coupon discretion, ii) inadequacy of eligible reserves to honour coupon payment if the bank reports low profit or a loss or iii) the bank breaching the minimum regulatory CET I, including capital conservation buffer, ratios. Moreover, given their additional risk attributes, the rating transition for non-equity Tier-I capital instruments (under Basel III) can potentially be higher than that for Tier-II instruments.

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Complexity level	Rating assigned with outlook
INE476A08068	Tier I Bonds (under Basel III)	13-Dec-16	8.60%	Perpetual	1000	Highly complex	CRISIL AA+/Stable
INE476A08084	Tier I Bonds	11-Sep-20	8.30%	Perpetual	1012	Highly complex	CRISIL

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	(under Basel III)						AA+/Stable
INE476A08092	Tier I Bonds (under Basel III)	29-Sep-20	8.30%	Perpetual	169.1	Highly complex	CRISIL AA+/Stable
INE476A08100	Tier I Bonds (under Basel III)	31-Dec-20	8.50%	Perpetual	1635	Highly complex	CRISIL AA+/Stable
INE476A08118	Tier I Bonds (under Basel III)	02-Feb-21	8.30%	Perpetual	120	Highly complex	CRISIL AA+/Stable
NA	Tier I Bonds (under Basel III)*	NA	NA	NA	4063.9	Highly complex	CRISIL AA+/Stable
INE476A09264	Tier II Bonds (under Basel III)	31-Dec-15	8.40%	31-Dec-25	1500	Complex	CRISIL AAA/Stable
INE476A08043	Tier II Bonds (under Basel III)	07-Jan-16	8.40%	07-Jan-26	900	Complex	CRISIL AAA/Stable
INE476A08050	Tier II Bonds (under Basel III)	27-Apr-16	8.40%	27-Apr-26	3000	Complex	CRISIL AAA/Stable
INE476A09249	Tier II Bonds (under Basel III)	03-Jan-14	9.73%	03-Jan-24	1500	Complex	CRISIL AAA/Stable
INE476A09256	Tier II Bonds (under Basel III)	27-Mar-14	9.70%	27-Mar-24	1000	Complex	CRISIL AAA/Stable
NA	Certificate of Deposit	NA	NA	7-365 days	30000	Simple	CRISIL A1+
INE667A08070	Tier I Bonds (Under Basel III)*	15-Jul-16	11.25%	Perpetual	930.00	Highly complex	CRISIL AA+/Stable
INE667A08088	Tier I Bonds (Under Basel III)*	24-Oct-16	9.95%	Perpetual	1,000.00	Highly complex	CRISIL AA+/Stable
INE667A08104	Tier I Bonds (Under Basel III)*	25-Jul-17	9.80%	Perpetual	450.00	Highly complex	CRISIL AA+/Stable
INE667A08021	Tier II Bonds (Under Basel III)*	23-Mar-15	8.75%	23-Mar-25	400.00	Complex	CRISIL AAA/Stable
INE667A08096	Tier II Bonds (Under Basel III)*	03-May-17	8.00%	03-May-27	500.00	Complex	CRISIL AAA/Stable
INE667A08039	Tier II Bonds (Under Basel III)*	28-Sep-15	8.58%	28-Sep-25	1,000.00	Complex	CRISIL AAA/Stable
INE667A08013	Tier II Bonds (Under Basel III)*	02-Dec-14	8.95%	02-Dec-24	750.00	Complex	CRISIL AAA/Stable
INE667A08047	Tier II Bonds (Under Basel III)*	18-Dec-15	8.62%	18-Dec-25	750.00	Complex	CRISIL AAA/Stable
INE667A09177	Lower Tier II Bonds (under Basel II)*	31-Dec-12	9.00%	31-Dec-22	1000.00	Complex	CRISIL AAA/Stable

*yet to be issued

*Originally issued by erstwhile Syndicate Bank

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Canbank Venture Capital Fund Ltd	Full	Subsidiary
Canbank Financial Services Ltd	Full	Subsidiary
Canara Bank Securities Ltd (formerly GILT Securities Trading Corp. Ltd)	Full	Subsidiary
Canbank Factors Ltd	Full	Subsidiary
Canbank Computer Services Ltd	Full	Subsidiary
Canara Robeco Asset Management Company Ltd	Full	Subsidiary
Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd	Full	Subsidiary
Canara Bank(Tanzania) Ltd	Full	Subsidiary
Synd Bank service Ltd	Full	Subsidiary
Canfin Homes Ltd	Proportionate	Associate
Karnataka Gramin Bank (Erstwhile Pragathi Krishna Gramin Bank)	Proportionate	Associate
Kerala Gramin Bank (Erstwhile South Malabar Gramin Bank)	Proportionate	Associate
Karnatak Vikas Grameena Bank	Proportionate	Associate
Andra Pragathi Grameena Bank	Proportionate	Associate
Commercial Indo Bank LLC	Proportionate	Joint venture

Annexure - Rating History for last 3 Years

	Current			2021 (History)		2020		2019		2018		Start of 2018
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Certificate of Deposits	ST	30000.0	CRISIL A1+	01-07-21	CRISIL A1+	21-12-20	CRISIL A1+	20-12-19	CRISIL A1+	25-01-18	CRISIL A1+	CRISIL A1+
				02-03-21	CRISIL	07-12-20	CRISIL A1+	05-09-19	CRISIL	-	-	-

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					A1+				A1+			
			-		-	29-08-20	CRISIL A1+	27-03-19	CRISIL A1+		-	-
			-		-	03-06-20	CRISIL A1+	29-01-19	CRISIL A1+		-	-
Lower Tier-II Bonds (under Basel II)	LT	1000.0	CRISIL AAA/Stable	01-07-21	CRISIL AAA/Stable	21-12-20	CRISIL AAA/Negative	27-03-19	Withdrawn	25-01-18	CRISIL AAA/Stable	CRISIL AAA/Negative
			-	02-03-21	CRISIL AAA/Stable	07-12-20	CRISIL AAA/Negative	29-01-19	CRISIL AAA/Stable		-	-
			-		-	29-08-20	CRISIL AAA/Negative		-		-	-
			-		-	03-06-20	CRISIL AAA/Watch Developing		-		-	-
Perpetual Tier-I Bonds (under Basel II)	LT		-		-	29-08-20	Withdrawn	20-12-19	CRISIL AAA/Watch Developing	25-01-18	CRISIL AAA/Stable	CRISIL AAA/Negative
			-		-	03-06-20	CRISIL AAA/Watch Developing	05-09-19	CRISIL AAA/Stable		-	-
			-		-		-	27-03-19	CRISIL AAA/Stable		-	-
			-		-		-	29-01-19	CRISIL AAA/Stable		-	-
Tier I Bonds (Under Basel III)	LT	10380.0	CRISIL AA+/Stable	01-07-21	CRISIL AA/Stable	21-12-20	CRISIL AA/Negative	20-12-19	CRISIL AA/Watch Developing	25-01-18	CRISIL AA/Negative	CRISIL AA/Negative
			-	02-03-21	CRISIL AA/Stable	07-12-20	CRISIL AA/Negative	05-09-19	CRISIL AA/Stable		-	-
			-		-	29-08-20	CRISIL AA/Negative	27-03-19	CRISIL AA/Stable		-	-
			-		-	03-06-20	CRISIL AA/Watch Developing	29-01-19	CRISIL AA/Stable		-	-
Tier II Bonds (Under Basel III)	LT	11300.0	CRISIL AAA/Stable	01-07-21	CRISIL AAA/Stable	21-12-20	CRISIL AAA/Negative	20-12-19	CRISIL AAA/Watch Developing	25-01-18	CRISIL AAA/Stable	CRISIL AAA/Negative
			-	02-03-21	CRISIL AAA/Stable	07-12-20	CRISIL AAA/Negative	05-09-19	CRISIL AAA/Stable		-	-
			-		-	29-08-20	CRISIL AAA/Negative	27-03-19	CRISIL AAA/Stable		-	-
			-		-	03-06-20	CRISIL AAA/Watch Developing	29-01-19	CRISIL AAA/Stable		-	-
Upper Tier-II Bonds (under Basel II)	LT		-		-	21-12-20	CRISIL AAA/Negative	20-12-19	CRISIL AAA/Watch Developing	25-01-18	CRISIL AAA/Stable	CRISIL AAA/Negative
			-		-	07-12-20	CRISIL AAA/Negative	05-09-19	CRISIL AAA/Stable		-	-
			-		-	29-08-20	CRISIL AAA/Negative	27-03-19	CRISIL AAA/Stable		-	-
			-		-	03-06-20	CRISIL AAA/Watch Developing	29-01-19	CRISIL AAA/Stable		-	-

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria

[Rating Criteria for Banks and Financial Institutions](#)

[Rating criteria for Basel III - compliant non-equity capital instruments](#)

[Criteria for Notching up Stand Alone Ratings of Entities Based on Government Support](#)

[CRISIL's Criteria for Consolidation](#)

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ANNEXURE-II
INDIA RATINGS & RESEARCH RATING LETTER & RATIONALE



Mr. V Ramachandra

General Manager & CFO

Canara Bank,

Financial Management & Subsidiaries Wing,

Head Office, 112 J C Road

Bengaluru - 560002

October 14, 2021

Dear Sir/Madam,

Re: Rating Letter of Canara Bank

India Ratings and Research (Ind-Ra) is pleased to communicate the rating of:

INR127bn Basel III AT1 bonds: 'IND AA/Stable'

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Out of the above, the Bank has issued INR 86.861bn of Basel III AT1 bonds

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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 India where the rated security is offered and sold, 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 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.

India Ratings & Research Private Limited A Fitch Group Company

Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai - 400051

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

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It will be 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.

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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 email us at info@indiaratings.co.in

Sincerely,

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India Ratings

Prakash Agarwal
Prakash Agarwal
Director

Karan Gupta
Director

Placement Memorandum

Annexure: Facilities Breakup

Instrument Type	ISIN	Issue Size (billion)	Date of Allotment/Issuance	Amount Outstanding (billion)	Coupon Payment Frequency	Coupon rate/Interest Rate (%)	Principal Payment Due Dates	Instrument Maturity Date	Rating/Outlook
BASEL II COMPLIANT ADDITIONAL TIER I	INE476A08068	INR10	13-Dec-16	INR10	Annual	8.6	Perpetual Bond Call Option-	Perpetual	IND AA/Stable
							13 December 2021)		
BASEL II COMPLIANT ADDITIONAL TIER I	INE476A08035	INR15	05-Mar-15	INR15	Annual	9.55	Perpetual Bond Call Option-	Perpetual	IND AA/Stable
							05-Mar-25		
Basel III AT1 perpetual bonds	INE667A08088	INR10	24-Oct-16	INR10	Annual	9.95	NIL	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE667A08062	INR3.7	30-Mar-16	INR3.7	Annual	11.25	NIL	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE667A08054	INR5	30-Mar-16	INR5	Annual	11.25	NIL	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE667A08070	INR9.3	15-Jul-16	INR9.3	Annual	11.25	NIL	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE667A08104	INR4.5	25-Jul-17	INR4.5	Annual	9.8	NIL	Perpetual	IND AA/Stable
Basel III AT1 perpetual							Perpetual Bond - Call option		

CanaraBank

14-October-2021

(Signature)

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bonds	INE476A08084	INR10.12	11-Sep-20	INR10.12	Annual	8.3	after the bond run for at least five years	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE476A08092	INR1.691	29-Sep-20	INR1.691	Annual	8.3	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE476A08100	INR16.35	31-Dec-20	INR16.35	Annual	8.5	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE476A08118	INR1.2	02-Feb-21	INR1.2	Annual	8.3	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA/Stable
	Utilised			INR86.861					
	limit								
	Unutilised			INR40.139					
	limit								
	Total			INR127.0					

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India Ratings Revises Canara Bank's Outlook to Stable; Affirms 'IND AAA'; Rates AT1 Bonds

01

JUL 2021

By Jindal Haria

India Ratings and Research (Ind-Ra) revises Canara Bank's (Canara) Outlook to Stable from Negative while affirming the Long-Term Issuer Rating at 'IND AAA'. The instrument-wise rating actions are as follows:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
Basel III AT1 bonds*	-	-	-	INR34	IND AA/Stable	Assigned
Basel III Tier 2 instrument*	-	-	-	INR100	IND AAA/Stable	Affirmed; Outlook revised to Stable from Negative
Basel III AT1 bonds*	-	-	-	INR93	IND AA/Stable	Affirmed
Certificate of deposits	-	-	7-365 days	INR300	IND A1+	Affirmed
Certificate of deposits	-	-	7-365 days	INR150	WD	Withdrawn (paid in full)

* Details in annexure

The affirmation of the Long-Term Issuer Rating factors in Canara's systemically important position and Ind-Ra's expectations that the bank will continue to receive support from the government of India (GoI). The Outlook revision reflects the bank's ability to absorb the impact of asset quality deterioration in FY21 without material deterioration in its credit profile, demonstrated equity raising ability and further plans for the same and expectations of modest profitability in FY22-FY23 that could help the bank maintain and possibly grow its market share in advances and deposits.

For AT1 instruments, the agency considers the discretionary component, coupon omission risk and the write-down/conversion risk as key parameters to arrive at the rating. The agency recognises the unique going-concern loss absorption features that these bonds carry and differentiates them from the bank's senior debt factoring in a higher probability of an ultimate loss for investors in these bonds.

The bank witnessed a sharp improvement in its distributable reserves on an amalgamated basis at end-June 2020, resulting in a significant improvement in its coupon-paying ability on AT1 instruments. The gazette notification issued by the Ministry of Finance on 23 March 2020 allows a nationalised bank to appropriate any sum from its share premium account by following the same procedure as for the reduction of paid-up capital. The bank has received board approval and would seek shareholders' approval for the same. Ind-Ra believes this provision reduces the risk of erosion of serviceable distributable reserve, as the bank can set-off its losses through the premium account, if required. Post the above adjustment, Canara's distributable reserves would have been at 4.3% of the risk weighted assets at FYE21.

KEY RATING DRIVERS

Systemic Importance: Canara is the fourth-largest public sector bank (PSB) and the seventh-largest bank on an overall basis in the country in terms of its assets. Post Canara's amalgamation with Syndicate Bank, its share in net advances increased to 6.3% at FYE21 (FYE19: 4.6%) and that in deposits to 6.3% (4.9%). The bank is the fourth largest in terms of number of states, union territories and districts where it is a lead bank; this, in the agency's view, is an indicator of its role in financial inclusion. Among its peers, Canara's common equity tier 1 (CET1) has been the lowest over the last few years. Canara received a capital infusion of INR48.6 billion from the GoI in FY18 and INR65 billion in HIFY20 and was the first PSB to raise equity of INR20 billion from the markets in FY21.

Medium-Term Capital Plans: Canara's CET1 decreased to 8.61% at end-March 2021 from a peak of 10.35% at end-9MFY20. The bank has revoked its plan to sell its stake in its subsidiary Can Fin Homes ('IND AA/Stable'). The bank's provision cover (excluding technical write-offs) is still lower than that of its peers' at 60%; most PSBs have provision cover (excluding technical write-offs) of 65%-70%. Nevertheless, its CET1 less net non-performing asset (NPA) is at par with some of its peers. The COVID-19 effects of FY21 were absorbed and were manageable, except potential slippages from restructured assets and accounts supported by emergency credit lines over FY22-FY24. Canara reported a profit of INR25 billion in FY21, against Ind-Ra's expectation of breakeven. While the second wave of COVID-19 infections in FY22 would continue to keep the bank's financial profile under pressure, Ind-Ra expects the same to be manageable without significantly impacting the bank's profile.

As per Ind-Ra's base case, the bank is unlikely to witness a capital erosion in FY22. In Ind-Ra's assessment, the bank needs about INR50 billion of equity in FY22-FY23 in addition to its internal accruals to have a CET1 of around 9% over the medium term and be prepared to achieve its medium-term growth plans. Ind-Ra also believes the bank's plan of raising equity over FY22-FY23 would be adequate to bring its CET1 closer to 9%. The planned AT1 issuances would mostly replace the older

Placement Memorandum

Instruments, which have call dates scheduled, and hence is replacement capital. Ind-Ra expects Canara to shore up its capital further in the medium term to stay at par with peer banks.

Improvement in Deposit Profile: With the seasoning of the branches set up during FY13-FY15 (52% growth in branches), Canara's low-cost current account and savings account deposits increased to about 34% in FY21 (FY20: 31.4%, FY15: 24%). The retail term deposits grew 18% yoy in FY20 and 16% yoy in FY21, against 9% yoy and 12% yoy growth in total deposits. The competitive intensity for deposits has traditionally been high in Karnataka (accounts for about 20% of the bank's deposits). Ind-Ra believes the amalgamated entity could have higher pricing power on both assets and liability side with lower competition, given the erstwhile Canara Bank and Syndicate Bank had a large presence in Karnataka and are now amalgamated.

Liquidity Indicator – Adequate: The bank's March 2021 asset-liability management demonstrated an asset funding surplus (excess of short-term assets over short term liabilities) of 3%, which has been a substantial and a sustained improvement from the funding gap of about 12% in FY18. The bank's excess statutory liquidity qualifying securities of about INR454 billion also provide substantial liquidity comfort in addition to the mandatory cash reserve and statutory liquidity ratio requirements. Canara's liquidity coverage at end-September 2020 stood at 129.25%, higher than the minimum regulatory requirement.

Likely Profits in FY22: Canara reported a modest profit of about INR25.57 billion in FY21, against a net loss of INR58.38 billion in FY20, mainly due to the increase in provisions. The bank has INR5 billion of unutilised provisions that it could utilise in FY22. Ind-Ra expects the bank to continue to face credit costs of about 2.5% in FY22 and FY23, each, as slippages on account of the second wave of COVID-19 continue to the bank's impact asset quality and credit costs. Ind-Ra believes these credit costs will emanate from aging provisions, slippages from existing stressed accounts, restructured book and accounts that are supported via emergency credit lines. The bank could be able to achieve a higher operating leverage as it grows its scale and fortifies its yield as the share of non-corporate assets continue to increase. Ind-Ra expects the bank to be modestly profitable in FY22.

RATING SENSITIVITIES

Negative: Canara's Basel III Tier 2 bond ratings have been equated to its Long-Term Issuer Rating, which could change if there is a change in the Govt's support stance, thereby restricting its ability to maintain its systemic importance, or if the equity buffers of the bank consistently operate at close to the minimum regulatory levels of 8% from 1 October 2021.

The rating of the AT1 bonds could be downgraded in case of a material deterioration in the unsupported credit profile of the bank which, among other factors, could reflect in a material decline in Canara's market share, loss of deposit franchise or a larger-than-expected spike in delinquencies. The rating could also be downgraded in the event of the bank reporting high annual losses or a significant depletion of CET 1 capital buffers on a consistent basis which could impair the coupon servicing capability. The AT1 bonds could also be downgraded if the bank is unable to get the required approvals for adjusting accumulated losses against the share premium account in the near term. This could be important in case the bank incurs losses, causing the capital ratios to fall below the minimum regulatory requirement, thereby impairing its ability to pay coupons.

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COMPANY PROFILE

Canara has a pan-India presence, with the third-largest network of more than 10,400 domestic branches at FYE21. Of its branches, 60% are based in rural and semi-urban areas, supporting the Govt's initiative of banking for all.

FINANCIAL SUMMARY

Particulars (INR billion)	FY21	FY20 (Amalgamated)
Net advances	6,390.49	6,164.75
Total deposits	10,108.75	9,055.23
Net income/loss	25.57	-58.38
CET 1 (%)	8.61	8.40
Capital adequacy ratio (%)	13.18	12.96
Source: Canara, Ind-Ra		

RATING HISTORY

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook/Rating Watch							
	Rating Type	Rated Limits (billion)	Rating	22 December 2020	14 October 2020	22 May 2020	28 February 2020	4 December 2019	4 September 2019	10 June 2019	26 October 2018
Issuer rating	Long-term	-	IND AAA/Stable	IND AAA/Negative	IND AAA/Negative	IND AAA/RWN	IND AAA/RWN	IND AAA/RWN	IND AAA/RWN	IND AAA/Stable	IND AAA/Stable
Basel III Tier 2 Instrument	Long-term	INR100	IND AAA/Stable	IND AAA/Negative	IND AAA/Negative	IND AAA/RWN	IND AAA/RWN	IND AAA/RWN	IND AAA/RWN	IND AAA/Stable	IND AAA/Stable
Basel III AT1 bonds	Long-term	INR127	IND AA/Stable	IND AA/Stable	IND AA/Stable	IND AA/RWN	IND AA/RWN	IND AA/RWN	IND AA/RWN	IND AA/Stable	IND AA/Stable
Certificate of deposits	Short-term	INR300	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	IND A1+	-

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Instrument Type	ISIN	Issue Size (billion)	Date of Allotment/Issuance	Amount Outstanding (billion)	Coupon Payment Frequency	Coupon rate/Interest Rate (%)	Principal Payment Due Dates	Instrument Maturity Date	Rating/Outlook
Basel III Tier 2 instrument									
BASel III TIER II Bonds 2015-16 (Series I)	INE476A09264	INR15	31 December 2015	INR15	Annual	8.4	31 December 2025	31 December 2025	IND AAA/Stable
BASel III TIER II Bonds 2015-16 (Series II)	INE476A08043	INR9	7 January 2016	INR9	Annual	8.4	7 January 2026	7 January 2026	IND AAA/Stable
BASel III COMPLIANT TIER II Bonds 2016-17	INE476A08050	INR30	27 April 2016	INR30	Annual	8.4	27 April 2026	27 April 2026	IND AAA/Stable
Basel III-complaint Tier II bonds	INE667A08096	INR5	3 May 2017	INR5	Annual	8.0	3 May 2027	3 May 2027	IND AAA/Stable
Basel III-complaint Tier II bonds 2019-20	INE476A08076	INR30	11 March 2020	INR30	Annual	7.18	11 March 2030	11 March 2030	IND AAA/Stable
Utilised limit				INR89					
Unutilised limit				INR11					
Total				INR100					
Basel III AT1 bonds									
BASel III COMPLIANT ADDITIONAL TIER I	INE476A08068	INR10	13 December 2016	INR10	Annual	8.6	Perpetual Bond - Call Option- 13 December 2021)	Perpetual	IND AA/Stable
BASel III COMPLIANT ADDITIONAL TIER I	INE476A08035	INR15	5 March 2015	INR15	Annual	9.55	Perpetual Bond - Call Option- 5 March 2025	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE667A08068	INR10	24 October 2016	INR10	Annual	9.95	NIL	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE667A08062	INR3.7	30 March 2016	INR3.7	Annual	11.25	NIL	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE667A08054	INR5	30 March 2016	INR5	Annual	11.25	NIL	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE667A08070	INR9.3	15 July 2016	INR9.3	Annual	11.25	NIL	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE667A08104	INR4.5	25 July 2017	INR4.5	Annual	9.80	NIL	Perpetual	IND AA/Stable

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Basel III AT1 perpetual bonds	INE476A08084	INR10.12	11 September 2020	INR10.12	Annual	8.3	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE476A08092	INR1.691	29 September 2020	INR1.691	Annual	8.3	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE476A08100	INR16.35	31 December 2020	INR16.35	Annual	8.5	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA/Stable
Basel III AT1 perpetual bonds	INE476A08118	INR1.2	2 February 2021	INR1.2	Annual	8.3	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA/Stable
		Utilised limit		INR86.861					
		Unutilised limit		INR40.139					
		Total		INR127.0					

COMPLEXITY LEVEL OF INSTRUMENTS

Instrument Type	Complexity Indicator
Basel III AT1 bonds	High
Basel III Tier 2 bonds	Moderate
Certificates of deposit	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

SOLICITATION DISCLOSURES

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ABOUT INDIA RATINGS AND RESEARCH

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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Applicable Criteria

[Financial Institutions Rating Criteria](#)
[Rating FI Subsidiaries and Holding Companies](#)
[Rating Bank Subordinated and Hybrid Securities](#)

Analyst Names

Primary Analyst

Jindal Haria

Director

India Ratings and Research Pvt Ltd Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400051
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Prakash Agarwal

Director and Head Financial Institutions

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Media Relation

Ankur Dahiya

Manager – Corporate Communication

+91 22 40356121

ANNEXURE-III
Consent Letter from Debenture Trustee



SBICAP Trustee Company Ltd.

Ref No. 979/2021-2022/CL - 3427

Date: 21st June, 2021.

Canara Bank

T & I Division, Integrated Treasury Wing,
6th Floor, B Wing, C-14, G- Block, BKC,
Bandra East Mumbai 400 051

Issue of Unsecured, Listed, Non-Convertible Debentures (NCDs), Basel III Additional Tier I Bonds upto Rs. 4,000 Crores on Private placement basis by Canara Bank ("Company").

We, the undersigned, do hereby consent to act as a Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the 'Offer document /Private placement offer letter' to be filed by the Company with the Indian stock exchanges where the Debentures are proposed to be listed (the "Stock Exchanges") and any other document intended to be filed with Stock Exchanges, SEBI and other regulatory or statutory authority in respect of the Issue. The following details with respect to us may be disclosed:

Name : SBICAP Trustee Company Limited
Address : 4th Floor, Mistry Bhavan, 122,
Dinshaw Vachha Road, Churchgate,
Mumbai 400 020.
Telephone No. : 022-43025555
Fax No. : 022- 22040465
E-mail : corporate@sbicaptrustee.com
Investor Grievance e-mail : investor.cell@sbicaptrustee.com
Website : www.sbicaptrustee.com
Contact Person : Ms. Anupama Naidu (Company Secretary & Compliance Officer)
Tel No. 022- 43025503
SEBI Registration No.: IND000000536

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We confirm that we are registered with SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate. We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We further confirm that no enquiry/investigation is being conducted by SEBI on us.

We further confirm that we have not received any communication from SEBI prohibiting us from acting as the intermediary:

We confirm that we will immediately inform the Company of any change, additions or deletions in respect of the matters covered in this certificate till the date when the Debentures offered, issued and allotted pursuant to the Issue, are admitted for trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the listing and trading of Debentures on the Stock Exchanges.

We hereby authorise you to deliver this letter of consent to the Stock Exchanges and any other regulatory or statutory authority as required.

Sincerely,

For SBICAP Trustee Company Ltd.

Ardhendu Mukhopadhyay
Sr. Manager – Marketing & Operations

www.sbicaptrustee.com
+91 22 4302 5566
+91 22 4302 5555
+91 22 2204 0465
corporate@sbicaptrustee.com

Corporate Office :
4th Floor, Mistry Bhavan,
122, Dinshaw Vachha Road,
Churchgate, Mumbai,
Pin - 400 020.

Registered Office :
202, Maker Tower E,
Cuffe Parade, Mumbai - 400 005.
CIN : U65991MH2005PLC158386

A Group Company of SBI

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ANNEXURE-IV
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, Bengaluru-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/BONDS/KR/ 2078/ 2021 -22

Date : 28th May, 2021

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

Kind attn : Shri. Sidharth Dhir
Manager

Dear Sir,

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**SUB : ISSUE OF PRIVATE PLACEMENT BASEL – III COMPLAINT
ADDITONAL TIER I BONDS FOR Rs. 4000 Crores**

We acknowledge with thanks your email communication referred above.

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 as per agreement executed on 17th October, 2020.

Assuring our best attention and services always.

Thanking you,

Yours faithfully,
for CANBANK COMPUTER SERVICES LTD


K. RAVI
Senior Manager - RTA

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Placement Memorandum

ANNEXURE-V
Application Form



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) 26725056 / 26725053; Fax No: (022) 26725250
E-mail: tidmum@canarabank.com ; Website: www.canarabank.com

Application Form Serial No : XX

DATE OF RECEIPT OF APPLICATION
(For office use only)

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APPLICATION FORM FOR NON CONVERTIBLE, TAXABLE, PERPETUAL, SUBORDINATED, FULLY PAID UP, UNSECURED BASEL III COMPLIANT ADDITIONAL TIER 1 BONDS, IN THE NATURE OF DEBENTURES OF RS. 1,00,00,000 (RUPEES ONE CRORE) EACH

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To,

CANARA BANK

Dear Sir,

Having read, understood and agreed to the contents and terms and conditions of CANARA BANK's Placement Memorandum dated 21.10.2021 , I/we hereby apply for allotment to us, of the unsecured, non convertible, taxable, perpetual, subordinated, fully paid up, Basel III Additional Tier 1 bonds in the nature of debentures of Rs. 1,00,00,000 (Rupees One Crore) 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 Placement Memorandum 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.

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Placement Memorandum

Investment Details

DP Details

Face Value/ Issue price	Rs. 1,00,00,000/- (Rupees One Crore only)	Depository Name (Please Tick)	NSDL / CDSL
Minimum Application	1 Bonds and in multiple of 1 thereafter	Depository Participant Name	
Tenure	Perpetual	DP ID	
Coupon Rate		Client ID	
Interest Payment	Annual, subject to "Coupon discretion: and/or "Loss Absorbency" (as the case may be)	Beneficiary Account Number	
Amount Payable per Bond (i)	Rs. 1,00,00,000/-	Applicant Category (Tick whichever is applicable)	
No. of Bonds applied for (ii)		Scheduled Commercial bank	Mutual Fund
Total Amount Payable (Rs.) (in Fig.)		Financial Institution	Company/Body Corporate
Total Amount Payable (Rupees in words)		Insurance Company	Provident/Gratuity/ Super Annuation/ Pension Fund
		Primary/ State/ District/Central cooperative Bank	Regional Rural Bank
		Others (please specify)	

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

Sole/First Applicant's Name in Full

Signature/Authorized signatory

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Second Applicant's Name

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Third Applicant's Name

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Pin Code										E Mail Id									
Telephone Number										Fax Number									
Applicant's Income Tax Details & Bank Details																			
					Applicant 1					Applicant 2					Applicant 3				
PAN / GIR NO (Enclose Copy)																			
I.T Circle/ Ward/ District no																			
Bank Name, Branch, City & IFSC CODE																			
Type of account (SB/CA/OD)																			
Bank Account Number																			
RTGS Details																			
RTGS Date										UTR Number									
Name of the Bank																			
Branch Name & Address																			

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:-- / -- / 2021

----- (Tear here) -----

Acknowledgment Slip

Application Form Serial No.: []

<p>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: tidmum@canarabank.com; Website: www.canarabank.com</p>	<p>Application Form Serial No. []</p>
<p>(To be filled in by the Applicant)</p> <p>Received from _____</p> <p>Address _____</p> <p>an application for _____ Bonds vide UTR No. _____</p> <p>Drawn on _____</p> <p>Dated _____ amounting to Rs. _____</p>	<p>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) 23469661/62 & 23469664/65; Fax: (080)23469667; 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</p>

Placement Memorandum

INSTRUCTIONS

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.

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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 TIER 1 BONDS
Credit into Current A/c No.	1589201001258
IFSC Code	CNRB0001589
Address of the Branch	Ground Floor Canara Bank Building C- 14 G Block Bandra Kurla Complex ,Bandra(E) Mumbai 400051
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 of 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.
4. Receipt of applications shall be acknowledged by the Bank in the “Acknowledgment Slip”, appearing below the Application Form. No separate receipt will be issued.
5. 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 encloses a copy of the same.
6. The application would be accepted as per the terms outlined in the Placement Memorandum dated 21.10.2021
7. 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;

Placement Memorandum

- 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.

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ANNEXURE-VI
In Principle Listing Approval from NSE



National Stock Exchange Of India Limited

Ref. No.: NSE/LIST/4220

October 18, 2021

The Company Secretary
Canara Bank
112, J.C. Road,
Bengaluru - 560002

Kind Attn.: Mr. Vinay Mohta

Dear Sir,

Sub.: In-principle approval for listing of Non-Convertible Additional Tier 1 Bonds in the nature of Debentures on private placement basis

This is with reference to your application dated October 18, 2021 requesting for In-principle approval for listing of Non-convertible, Taxable, Perpetual, Subordinated, Fully Paid up, Non-cumulative, Unsecured Basel III Compliant Additional Tier 1 Bonds in the nature of Debentures of face value of Rs. 10000000/- each, under Series I, for base issue size of Rs. 50000 lakhs with a green shoe option of Rs. 100000 lakhs, aggregating to Rs. 150000 lakhs, to be issued by Canara Bank on private placement basis. In this regard, the Exchange is pleased to grant in-principle approval for the said issue subject to adequate disclosures to be made in the Offer Document in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, applicable SEBI Circulars and other applicable laws in this regard and provided the Company prints the Disclaimer Clause as given below in the Offer Document after the SEBI disclaimer clause:

“As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). It is to be distinctly understood that the aforesaid submission or in-principle approval given by NSE vide its letter Ref.: NSE/LIST/4220 dated October 18, 2021 or hosting the same on the website of NSE in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever”



Continuation Sheet

Please note that the approval given by us should not in any way be deemed or construed that the draft Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this draft Offer Document; nor does it warrant that the securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project.

Kindly also 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 Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time, applicable SEBI & Exchange Circulars and other applicable laws in this regard.

Specific attention is drawn towards Para 1 of Chapter XV of SEBI Operational Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021. Accordingly, Issuers of privately placed debt securities in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of allotment of securities. The details can be uploaded using the following links:

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<https://www.nse-ebp.com>

<https://www.nseebp.com/ebp/rest/reportingentity?new=true>

Yours faithfully,

For National Stock Exchange of India Limited

Apurva Meghraj
Manager

This Document is Digitally Signed

Signer: Apurva Jawahir Meghraj
Date: Mon, Oct 18, 2021 18:37:40 IST
Location: NSE



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ANNEXURE-VII

Illustration of Cash Flow

Disclosure of Cash flow with date of interest and redemption payment as per day count convention

As per Chapter III of SEBI Operational Circular No: SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, illustrative cash flow for bonds is as under:

ILLUSTRATION:

Name of the Issuer	Canara Bank
Face Value (per bond)	Rs. 1,00,00,000/-
Deemed Date of Allotment	25-10-2021
Call option Date	25-10-2026 (or any anniversary date thereafter, subject to Tax Call/ Regulatory Call, For details refer Term sheet)
Redemption Date	Perpetual
Coupon Rate	[8.40]%
Frequency of Interest Payment	Annually
Day Count Convention	Actual/Actual

Scenario 1: Call Option not exercised

Cash Flows	Original Coupon Payment dates and Illustrative Call Option Due date	Modified Coupon Payment Dates and Illustrative Call Option Due Date	No of Days for denominator	Amount Payable per Bond (in Rs)
1 st Coupon Payment	Tuesday, 25 October, 2022	Tuesday, 25 October, 2022 Restricted	365	8,40,000
2 nd Coupon Payment	Wednesday, 25 October, 2023	Wednesday, 25 October, 2023	365	8,40,000
3 rd Coupon Payment	Friday, 25 October, 2024	Friday, 25 October, 2024	366	8,40,000
4 th Coupon Payment	Saturday, 25 October, 2025	Monday, 27 October, 2025	365	8,40,000
5 th Coupon Payment	Sunday, 25 October, 2026	Monday, 26 October, 2026	365	8,40,000
Upto Perpetual....				

Notes:

- The above example is for illustration purpose only. The actual payment will be made as per provisions of summary term sheet.
- Business day shall be the day on which money on which commercial banks are open for business in the city of Bengaluru, Karnataka and when the money market is functioning in Mumbai. If the interest payment date / redemption date does not fall on a Business day, then payment of interest / principal amount shall be made in accordance with SEBI Operational circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 as amended from time to time.
- If any coupon payment date, other than the ones falling on the redemption date falls on a day that is not a business day, the payment shall be made by the issuer on the immediately succeeding business day which becomes the coupon payment date for that coupon. However, the future coupon payment dates would be as per the schedule originally stipulated at the time of issuing the bonds.
- If the redemption date of the bonds falls on a day that is not a business day, the redemption amount shall be paid by the issuer on the immediately preceding business day which becomes the new

Placement Memorandum

redemption date, along with interest accrued on the bonds until but excluding the date of such payment.

11. It is clarified that interest / redemption with respect to debentures, interest / redemption payments shall be made only on the days when commercial banks are open for business in the city of Bengaluru, Karnataka and when the money market is functioning in Mumbai.
12. Interest payments will be rounded off to the nearest rupee as per the FIMMDA Handbook on market practices.

Scenario 2: Assuming Call Option is exercised at the end of the 5th anniversary of the Deemed Date of Allotment

Cash Flows	Original Coupon Payment dates and Illustrative Call Option Due date	Modified Coupon Payment Dates and Illustrative Call Option Due Date	No of Days for denominator	Amount Payable per Bond (in Rs)
1 st Coupon Payment	Tuesday, 25 October, 2022	Tuesday, 25 October, 2022	365	8,40,000
2 nd Coupon Payment	Wednesday, 25 October, 2023	Wednesday, 25 October, 2023	365	8,40,000
3 rd Coupon Payment	Friday, 25 October, 2024	Friday, 25 October, 2024	366	8,40,000
4 th Coupon Payment	Saturday, 25 October, 2025	Monday, 27 October, 2025	365	8,40,000
5 th Coupon Payment	Sunday, 25 October, 2026	Friday, 23 October, 2026	365	8,40,000
Principal Redemption of Principal on account of exercise of Call Option*.	Sunday, 25 October, 2026	Restricted Friday, 23 October, 2026	365	1,08,40,000

Notes:

7. The above example is for illustration purpose only. The actual payment will be made as per provisions of summary term sheet.
8. Business day shall be the day on which money on which commercial banks are open for business in the city of Bengaluru, Karnataka and when the money market is functioning in Mumbai. If the interest payment date / redemption date does not fall on a Business day, then payment of interest / principal amount shall be made in accordance with SEBI Operational circular No. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 as amended from time to time.
9. If any coupon payment date, other than the ones falling on the redemption date falls on a day that is not a business day, the payment shall be made by the issuer on the immediately succeeding business day which becomes the coupon payment date for that coupon. However, the future coupon payment dates would be as per the schedule originally stipulated at the time of issuing the bonds.
10. If the redemption date of the bonds falls on a day that is not a business day, the redemption amount shall be paid by the issuer on the immediately preceding business day which becomes the new redemption date, along with interest accrued on the bonds until but excluding the date of such payment.
11. It is clarified that interest / redemption with respect to debentures, interest / redemption payments shall be made only on the days when commercial banks are open for business in the city of Bengaluru, Karnataka and when the money market is functioning in Mumbai.
12. Interest payments will be rounded off to the nearest rupee as per the FIMMDA Handbook on market practices.

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