

PLACEMENT MEMORANDUM  
(Confidential & for Private Circulation Only)

**A Government of India Undertaking**

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

**Head Office:** 112, J.C. Road, Bengaluru-560 002; **CIN:** U67190KA1906PLC001069

**Promoter:** President of India; **PAN:** AAACC6106G; **Website:** [www.canarabank.com](http://www.canarabank.com)

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PLACEMENT MEMORANDUM | Date: 15.07.2022

PRIVATE PLACEMENT BY CANARA BANK ("ISSUER" OR "BANK") OF UPTO 2000 BONDS OF FACE VALUE Rs. 1 CRORE EACH AND COUPON OF 8.24% 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 2000 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 1500 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 amended by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2022 and as modified and amended from time to time.

**Restricted**

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 Jun 24, 2022.

**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 July 08, 2022 and "IND AA+/Stable" by India Ratings & Research vide its letter dated Jul 12, 2022.

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.

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**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 13.07.2022

**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
Refer page no. 18	 <b>SBICAP Trustee</b> <b>Company Ltd</b> 4 <sup>th</sup> Floor, Mistry bhavan, 122 Dinshaw Vachha Road Churchgate, Mumbai - 400 020, Tel No: 022-43025555, 43025503 Fax : 022-22040465 Email: <a href="mailto:corporate@sbicaptrustee.com">corporate@sbicaptrustee.com</a> <a href="mailto:Investor.cell@sbicaptrustee.com">Investor.cell@sbicaptrustee.com</a>	 <b>Canbank Computer Services Limited</b> R & T Centre, 218, J.P. Royale, 1 <sup>st</sup> Floor , 2 <sup>nd</sup> Main, Sampige Road Malleswaram , Bengaluru - 560 003 Tel. No: 080 2346 9661; E mail <a href="mailto:canbankrta@ccsl.co.in">canbankrta@ccsl.co.in</a> Website: <a href="http://www.canbankrta.com">www.canbankrta.com</a>	 <b>CRISIL Limited</b> CRISIL House, Central Avenue, Hiranandani Business Park, Powai , Mumbai -400076 Tel No: 022 33423000 Fax No: 022 40405800 Email: <a href="mailto:crisilratingdesk@crisil.com">crisilratingdesk@crisil.com</a> Website: <a href="http://www.crisil.com">www.crisil.com</a>	 <b>India Rating &amp; Research Private Limited</b> 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
15-07-2022	15-07-2022	19-07-2022	19-07-2022

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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## 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 may be amended from time to time 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**") as amended from time to time, which supersedes all circulars issued previously under the erstwhile SEBI ILDS REGULATIONS and erstwhile SEBI NCRPS REGULATIONS.

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.08/2022(download ref no. NSE/DS/52373) dated May 23, 2022 ("**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**").





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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 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.

Restricted

#### 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

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.



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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**

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.

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**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.

Restricted

**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





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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	15-07-2022
Issue Closing Date	15-07-2022
Pay In Date	19-07-2022
Deemed Date of Allotment	19-07-2022

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## I. DEFINITIONS AND ABBREVIATIONS

<b>Allotment/Allot/ Allotted</b>	The issue and allotment of the Bonds to the successful Applicants in the Issue.
<b>Allottee</b>	A successful Applicant to whom the Bonds are allotted pursuant to the Issue, either in full or in part.
<b>ALM</b>	Asset Liability Management
<b>Applicant/ Investor</b>	A person who makes an offer to subscribe the Bonds pursuant to the terms of this Placement Memorandum and the Application Form.
<b>Application Form</b>	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.
<b>ASBA</b>	Application Supported by Blocked Amount
<b>Additional Tier I Instrument (AT1)</b>	The Capital Instruments issued by the Bank forming part of its Additional Tier I Capital (as stipulated in the Basel III Regulations).
<b>AUM</b>	Asset Under Management
<b>Basel III Regulations or RBI Guidelines</b>	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. DOR.CAP.REC.3/21.06.201/2022-23 dated April 1, 2022, as amended from time to time (BASEL III Guidelines).
<b>Bondholder(s)</b>	Any person or entity holding the Bonds and whose name appears in the list of Beneficial Owners provided by the Depositories.
<b>Beneficial Owner(s)</b>	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).
<b>Board/ Board of Directors</b>	The Board of Directors of Canara Bank or a committee constituted thereof, unless otherwise specified.
<b>Bond(s)</b>	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.2000,00,00,000 (Rupees Two Thousand 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.1500,00,00,000 (Rupees One Thousand Five Hundred Crores only) by the Issuer through private placement route under the terms of this Placement Memorandum.
<b>BPS</b>	Basis points
<b>BTI</b>	Banker to an Issue
<b>CAR</b>	Capital Adequacy Ratio.
<b>CAGR</b>	Compounded Annual Growth Rate
<b>CBSL</b>	Canara Bank Securities Limited
<b>CCSL</b>	Canbank Computer Services Limited.

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CD	Certificate of Deposit
CDSL	Central Depository Services (India) Limited.
CEO	Chief Executive Officer
CFL	Canbank Factors Limited.
CFO	Chief Financial Officer
CFHL	Can Fin Homes Limited.
CIBL	Commercial Indo Bank LLC.
CIN	Corporate Identity Number
CP	Commercial Paper
CRA	Credit Rating Agency
CRAMC	Canara Robeco Asset Management Company Limited.
CRAR	Capital to Risk weighted Assets Ratio.
CS	Company Secretary
CSR	Corporate Social Responsibility.
CVCFL	Canbank Venture Capital Fund Limited.
Canfina	Canbank Financial Services Limited.
Companies Act	The Companies Act, 1956 as amended (without reference to the sections thereof that have ceased to have effect upon notification of sections of the Companies Act, 2013) read with applicable provisions of the Companies Act, 2013, to the extent notified and in effect.
Debenture Trustee Regulations	Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended from time to time.
Deemed Date of Allotment	The cut-off date declared by the Bank from which all benefits under the Bonds including interest on the Bonds shall be available to the Bondholder(s). The actual allotment of Bonds (i.e. approval from the Board of Directors or a Committee thereof) may take place on a date other than the Deemed Date of Allotment.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under Depositories Act.
DIN	Director Identification Number
Placement Memorandum or Information Memorandum	Placement Memorandum dated 13/07/2022 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 (Rupees One Crore only) each at par aggregating up to Rs. 2000,00,00,000 (Rupees Two Thousand 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.1500,00,00,000 (Rupees One Thousand Five Hundred Crores only) by the Issuer through private placement route under the terms of this Placement Memorandum.



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DP	Depository Participant as defined under the Depositories Act.
DRR	Bond/ Debenture Redemption Reserve.
DT	Debenture Trustee
EBP	Electronic Book Provider
ECGC	Export Credit & Guarantee Corporation of India.
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EOD	End of Day
EPS	Earnings Per Share.
FAQ	Frequently Asked Questions
FIs	Financial Institutions.
Financial Year/ FY	Period of twelve months ending March 31, of that particular year.
FPI	Foreign Portfolio Investor
GDP	Gross Domestic Product
GIR	General Index Registration Number
GOI	Government of India/ Central Government.
G-Sec	Government Securities
HFC	Housing Finance Company
IBA	Indian Bank Association
IBC	Insolvency and Bankruptcy Code
IM	Information Memorandum
IPO	Initial Public Offering.
ISIN	International Securities Identification Number
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 (Rupees One Crore only) each at par aggregating up to Rs. 2,000,00,00,000 (Rupees Two Thousand 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.1500,00,00,000 (Rupees One Thousand Five Hundred 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.
IT Act	The Income Tax Act, 1961, as amended from time to time.
JV	Joint Venture
KYC	Know Your Client
KRA	KYC Registration Agency



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<b>LEI</b>	Legal Entity Identifier
<b>Listing Agreement</b>	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.
<b>LTV</b>	Loan to Value
<b>MCCIL</b>	Metropolitan Clearing Corporation of India Limited
<b>MCLR</b>	Marginal Cost of Funds based Lending Rate
<b>MD &amp; CEO</b>	Managing Director and Chief Executive Officer of the Issuer.
<b>MF</b>	Mutual Fund
<b>MFI</b>	Micro Finance Institutions
<b>MIBOR</b>	Mumbai Interbank Offer Rate
<b>MLD</b>	Market Linked Debt Securities
<b>MSEI</b>	Metropolitan Stock Exchange of India Limited
<b>MSME</b>	Micro Small and Medium Enterprises
<b>NBFC</b>	Non-Banking Finance Company
<b>NCD</b>	Non-Convertible Debentures
<b>NCLAT</b>	National Company Law Appellate Tribunal
<b>NCLT</b>	National Company Law Tribunal
<b>NCRPS</b>	Non-Convertible Redeemable Preference Shares
<b>NCS</b>	Non-convertible Securities
<b>NECS</b>	National Electronic Clearing Service.
<b>NEFT</b>	National Electronic Funds Transfer.
<b>NPA</b>	Non-performing asset.
<b>NPCI</b>	National Payments Corporation of India
<b>NRI</b>	Non-Resident Indian.
<b>NSCCL</b>	National Securities Clearing Corporation Limited
<b>NSDL</b>	National Securities Depository Limited
<b>NSE</b>	National Stock Exchange of India Limited, being the stock exchange on which the Bonds are proposed to be listed.
<b>OTC</b>	Over the Counter
<b>PAN</b>	Permanent Account Number.
<b>PCPS</b>	Perpetual Cumulative Preference Shares
<b>PDI</b>	Perpetual Debt Instrument
<b>PFI</b>	Public Financial Institution
<b>PM</b>	Placement Memorandum





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<b>PNCPS</b>	Perpetual Non-Cumulative Preference Shares
<b>PONV</b>	Point of Non-Viability.
<b>PONV Trigger</b>	<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"> <li>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</li> <li>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.</li> </ol> <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>The Bonds can be written off in case the Bank hits the PONV Trigger. The Bonds which have been written off (full and permanent write-off) shall not be written up.</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</p>



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	<p>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"> <li>Restore depositors' /investors' confidence;</li> <li>Improve rating /creditworthiness of the Bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and</li> <li>Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.</li> </ol> <p><b>The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level will trigger write-off.</b></p>
PSU	Public Sector Undertaking
QIB	Qualified Institutional Buyer
Record Date	Reference date for payment of interest/ repayment of principal.
Rs./INR/ ₹	Indian National Rupee
RBI	Reserve Bank of India
RCPS	Redeemable Cumulative Preference Shares
RFQ	Request for Quote
RNCPS	Redeemable Non-Cumulative Preference Shares
RRB	Regional Rural Bank
RTGS	Real Time Gross Settlement
Registrar	Registrar to the Issue, in this case being Canbank Computer Services Limited.
SB	Stock Broker
SCORES	SEBI Complaints Redress System
SCSB	Self-Certified Syndicate Bank
SDI	Secured Debt Instruments



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<b>SEBI</b>	The Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992.
<b>SEBI NCS Regulations</b>	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.
<b>SEBI NCS Operational Circular</b>	Operational Circular for Issue and Listing of Non-Convertible Securities, Securitized 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
<b>TDS</b>	Tax Deducted at Source
<b>Trustee/ Bond Trustee/ Debenture Trustee</b>	Trustee for the Bondholders in this case being SBICAP Trustee Company Ltd
<b>USD/ US\$/ \$</b>	United States Dollar
<b>WDM</b>	Wholesale Debt Market
<b>y-o-y</b>	Year over year
<b>YTC</b>	Yield to Call
<b>YTM</b>	Yield to Maturity
<b>YTP</b>	Yield to Put

**A. ISSUER INFORMATION:**

**Name and Address of the Issuer**

<b>Name of the Issuer</b>	Canara Bank
<b>Head Office</b>	<p>No. 112, J C Road, Bengaluru - 560002 Tel No.: 080 2210 0250, Fax No.: 080 2224 8831 Website: <a href="http://www.canarabank.com">www.canarabank.com</a></p> <p><u>Treasury &amp; Investments Division</u> Integrated Treasury Wing, Canara Bank Building, 6th Floor, Plot No. C-14, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051. Tel No.: 022 2672 5038, Fax No.: 022 2672 5250 E-mail: <a href="mailto:tidmum@canarabank.com">tidmum@canarabank.com</a></p>
<b>Compliance Officer for the Issue</b>	<p>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: <a href="mailto:hosecretarial@canarabank.com">hosecretarial@canarabank.com</a></p>



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Chief Financial Officer of the Issuer	Shri S K Majumdar Chief General Manager & Chief Financial Officer Canara Bank Head Office, Bengaluru - 560 002 Tel: 080 - 22130274 E Mail: <a href="mailto:fmwing@canarabank.com">fmwing@canarabank.com</a>
Trustees to the Bondholders	 Mr. Jatin Bhat SBICAP Trustee Company Ltd 4 <sup>th</sup> Floor, Mistry bhavan, 122, Dinshaw Vachha Road Churchgate, Mumbai - 400 020, Tel No: 022-43025555 ,43025503 Fax : 022-22040465 Email: <a href="mailto:corporate@sbicaptrustee.com">corporate@sbicaptrustee.com</a>
Registrar to the Issue	 CANBANK COMPUTER SERVICES LIMITED 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: <a href="mailto:canbankrta@ccsl.co.in">canbankrta@ccsl.co.in</a>
Credit Rating Agencies	<div>  An S&amp;P Global Company Mr Krishnan Sitaraman CRISIL Limited CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai -400076 Tel No: 022 33423000 Fax No: 022 40405800 </div> <div>  A Fitch Group Company Mrs Arunima Basu India Rating &amp; Research Private Limited Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai 400051 Tel No. 022 40001700 Fax No.022 40001701 </div>
Legal Counsel for the present issue of AT 1 Bonds	<div>  ADVOCATES AND SOLICITORS </div> <div> ALMT Legal 2 Lavelle Road Bengaluru - 560 001 Contact No.080- 4016 0007 <a href="https://almtlegal.com">https://almtlegal.com</a> </div>
Auditor for the Issue	 CHARTERED ACCOUNTANTS M/s Rao & Emmar Address: Ramanashree Arcade, No. 204 & 205, 2nd Floor, M.G. Road, Near Trinity Circle, Bangalore-1 Email: <a href="mailto:Praveen@raoemmar.com">Praveen@raoemmar.com</a> Website: <a href="http://www.raoemmar.com">www.raoemmar.com</a>







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Name and Address of the Arrangers:

Name of the Arranger	 IndusInd Bank Limited	 SBI Capital Markets Limited
Address of the Arranger	8th Floor, Tower 1, One World Centre, 841, S.B. Marg, Elphinstone Road, Mumbai - 400 013	202, Maker Tower "E" Cuffe Parade, Mumbai - 400005
Contact Person	Farman Siddiqui	Mr Nirav Acharya
Email Id & Website	Farman.Siddiqui@indusind.com www.indusind.com	dcm@sbicaps.com WWW.SBICAPS.COM

Name and Address of the Arrangers:


Name of the Arranger	 ICICI Bank Limited	 AXIS BANK LTD
Address of the Arranger	ICICI Bank Limited, ICICI Bank Towers, Bandra Kurla Complex, Mumbai-400 051	Axis House , Wadia International Center, P B Marg, Worli, Mumbai -400025
Contact Person	Mr Sanket Jain	Mr Vikas Shinde
Email Id & Website	gmgfixedincome@icicibank.com www.icicibank.com	bonds.Origination@axisbank.com www.axisbank.com

Name of the Arranger	 BOB Capital Markets Ltd.	 IDBI Capital Markets & Securities Ltd
Address of the Arranger	1704-B Wing, 17th Floor, Parinee Crescenzo, G Block, Bandra Kurla Complex, Bandra (E ), Mumbai-400051	6th Floor, IDBI Tower, Cuffe Parade,
Contact Person	Manish Maheshwari	Gurpreet Kaur Kalsi
Email Id & Website	manish.maheshwari@bobcaps.in https://www.bobcaps.in/	gurpreet.kalsi@idbicapital.com https://idbicapital.com/index.asp

Name of the Arranger	 PNB Investment Services Limited	 Edelweiss Financial Services Limited
Address of the Arranger	2nd Floor, PNB Pragati Towers, BKC, Mumbai - 400 051	Edelweiss House, 14th Floor, Off CST Road, Kalina, Mumbai-400098
Contact Person	Mahesh Peswani	Prakash Sharma
Email Id & Website	maheshp@pnbisl.com http://www.pnbisl.com/	Prakash.sharma@edelweissfin.com www.edelweiss.in







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Name of the Arranger	 J M Financial Limited	 Teaming together to create value CapitalSquare Advisors Private Limited
Address of the Arranger	7th Floor, Energy Appasaheb Marathe Marg, Mumbai - 400 025	208, Aarpee Centre, MIDC, Road No. 11, Andheri (East), Mumbai - 400093
Contact Person	Ajay Manglunia	Sunil Kumar Manocha
Email Id & Website	Ajay.manglunia@jmfl.com www.jmfl.com	sunil.manocha@capitalsquare.in www.capitalsquare.in

Name of the Arranger	 Trust Investment Advisors Private Limited	 A. K. CAPITAL SERVICES LIMITED BUILDING BONDS AK Capital Services
Address of the Arranger	1101, Naman Centre, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.	603, 6 <sup>th</sup> Floor, Windsor, Off CST Road, Kallian, Santacruz (East), Mumbai 400098
Contact Person	Ms. Nipa Sheth	Ashish Agarwal
Email Id & Website	mbd.trust@trustgroup.in www.trustgroup.in	ashish.agarwal@akgroup.co.in www.akgroup.co.in

Restricted

Name of the Arranger	 Equirus Capital Private Ltd	 ICICI Securities Primary Dealership Limited
Address of the Arranger	Marathon Futurex, C Wing, 12th Floor, NM Joshi Marg, Lower Parel, Mumbai 400013	ICICI Centre, H T Parekh Marg, Churchgate, Mumbai 400020
Contact Person	Malay Shah	Mr. Sachin Bhosale
Email Id & Website	primary@equirus.com www.equirus.com	sachin.bhosale@isecpd.com https://www.icicisecuritiespd.com

Name of the Arranger	 Tipsons Consultancy Services Private Limited	 Yes Bank Ltd
Address of the Arranger	401, Sheraton House, Opp. Ketav Petrol Pump, Polytechnic Road, Ambawadi, Ahmedabad - 380015	Yes Bank House, 2 <sup>nd</sup> floor, South Wing, Prabhat Nagar, off Western Express Highway, Sanataacruz (East), Mumbai-400055
Contact Person	Sandeep Bhansali	P. Rakesh
Email Id & Website	dcm@tipsons.com, sandeep.bhansali@tipsons.com www.tipsons.com	DCM@yesbank.in www.yesbank.in

## **B. BRIEF SUMMARY OF THE BUSINESS ACTIVITIES OF THE ISSUER AND ITS LINE OF BUSINESS**

### **i. Overview and History:**

Your Bank steps into its 117th fruitful year of service and rich legacy. I extend my gratitude to each one of you for your continued support. Your valuable partnership with Canara Bank has helped this esteemed institution to remain resilient despite the challenges and record robust business performance in FY 2021-22 with strengthened core fundamentals. I wish each one of you good health and spirit.

The global macroeconomic scenario remained volatile in FY 2021-22 with sporadic resurgence of the pandemic in several parts of the world, spike in global commodity prices, supply bottlenecks, an upward trajectory for inflation expectations and challenging financial market conditions. The war between Russia and Ukraine has further increased the downside risks to the growth momentum with spike in prices of fuel, food and many other commodities. IMF has projected global economic growth to slow down from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023.

The challenges emanating from the global macro scenario has its reflections on the domestic economy. Consequently, the growth momentum of Indian economy slowed down and as per second advance estimate of national income, real GDP grew by 8.9% in FY 2021-22 as compared to earlier estimate of 9.2%. On the brighter side, there are positive signals for aggregate demand with consumer and business confidence picking up, bank credit growth indicating signs of a gradual recovery and improvement being observed in exports and imports. Taking into consideration the domestic and global macroeconomic developments, RBI has projected real GDP growth for FY 2022-23 at 7.2% with 16.2% in Q1, 6.2% in Q2, 4.1% in Q3 and 4.0% in Q4. Going forward, credit growth is expected to gain traction in tandem with economic growth.

Despite the challenges of FY 2021-22, your Bank has demonstrated robust business performance with good growth in both deposits and advances and I am happy to announce that the Bank has achieved record 122% y-o-y growth in net profit in FY 2021-22 to ₹5678 crore as compared to ₹2558 crore in FY 2020-21. The Board of Directors of the Bank has recommended a dividend of ₹6.50 per equity share (i.e. 65%) of face value of ₹10/- each to the Shareholders for the year 2021-22, subject to the approval of the Shareholders at the AGM.

I am also happy to announce that as per the 11th bipartite settlement, performance linked incentive (PLI) of 15 days salary has been credited to staff accounts on 6th May 2022 as the Bank has recorded operating profit of 17.27% Y-o-Y as per the mandatory criteria of above 15% with net profit of ₹5678 crore for FY 2021-22.



## ii. Main Objects

### KEY PERFORMANCE OF THE BANK

#### BUSINESS

During FY 2021-22, the global business of the Bank increased to ₹1827556 crore, up by 8.39% y-o-y with global deposits growing at a pace of 7.47% y-o-y to ₹1086409 crore and global advances growing by 9.77% y-o-y to ₹741147 crore. The enhanced thrust on domestic business resulted in the growth of 7.6% y-o-y to ₹1738813 crore with domestic deposits growing by 6.69% y-o-y to ₹1027767 crore and domestic advances growing by 8.96% y-o-y to ₹711046 crore.

CASA has been the thrust area for the Bank as it is the source of low cost deposits. The Bank has always emphasized upon improving the CASA Ratio. The Bank's CASA performance has improved further and increased from ₹330656 crore as on March 2021 to ₹368732 crore as on March 2022 i.e. a growth of 11.52% y-o-y, with savings deposits growing by 12.2% y-o-y to ₹315916 crore and current deposits growing by 7.5% y-o-y to ₹52816 crore. Consequently, the CASA ratio of the Bank has improved from 34.33% to 35.88%. The Bank has a strong deposits clientele base of about 10.51 crore.

Retail Term deposits registered a growth of 5.1% y-o-y to ₹441777 crore as at March 2022.

The Bank is always keen on maintaining a well-balanced asset mix, encompassing sectors such as Agriculture and Micro, Small and Medium Enterprises (MSMEs) as well as keeping a focus on retail assets, including Housing, Education, and Vehicle loans. This year your Bank's core retail portfolio grew by 9.51% y-o-y to ₹126277 crore with Housing loans growing by 14.77% y-o-y to ₹73828 crore, vehicle loans growing by 2.86% y-o-y to ₹14105 crore and education loan growing by 4.31% y-o-y to ₹12975 crore. The number of borrowal clientele is at 1.08 crore as at March 2022.

Advances to MSME stood at ₹119026 Crore with MSE advances of ₹101716 crore as at March 2022. In order to increase credit flow to this segment, in FY 2021-22 the Bank has launched various need based Schemes and products catering to the needs of specific segments.

#### FINANCIAL PERFORMANCE

For FY 2021-22, the total Income of the Bank increased by 2.02% y-o-y to ₹85907 crore and non-Interest Income increased by 10.54% y-o-y to ₹16497 crore. The Bank's cost of deposits decreased by 57 bps y-o-y to 3.95%. The net interest income, the difference between interest paid and interest earned by the Bank, grew by 9.46% y-o-y to ₹26384 crore as at March 2022. The Gross NPA ratio declined by 142 bps y-o-y to 7.51% this year and Net NPA declined by 117 bps y-o-y to 2.65%. Provision Coverage Ratio (PCR) improved by 449 bps y-o-y to 84.17% as at March 2022.

#### PROFITABILITY

The Bank has recorded robust growth of 122% y-o-y in net profit to ₹5678 crore in FY 2021-22 with operating profit growing by 17.27% y-o-y to ₹23089 crore. NIM stood at 2.82% and Yield on Advances at 7.22%. Your Bank has a comfortable capital cushioning with Capital Adequacy Ratio, under Basel III at 14.90% as at March 2022 against the regulatory requirement of 11.5%.

During the Financial Year 2021-22, Bank has raised capital via Basel III compliant additional Tier 1 Bond amounting to ₹4000 crore, Tier 2 Bond amounting to ₹2500 crore and equity through QIP of ₹2500 crore and thereby the Government of India shareholding in the Bank is 62.93% as on 31.03.2022.



## PRIORITY SECTOR AND FINANCIAL INCLUSION

Your Bank is committed towards reorienting its strategies to meet various goals under national priorities. Under various national priorities, your Bank has credibly achieved the mandated targets as follows:

- ✓ 49.68% of the adjusted net bank credit against 40% norm in total priority
- ✓ 22.47% of the adjusted net bank credit against 18% norm in lending to agriculture
- ✓ 16.26% of the adjusted net bank credit against 9% norm in lending to small and marginal farmers.
- ✓ 22.41% of the adjusted net bank credit against 11% norm in lending to weaker section.

The Bank has sold PSLC to the tune of ₹40000 crore in FY2021-22 encompassing 160000 units.

These achievements indeed speak of your Bank's commitment to the inclusive nation building and supporting the revival of the critical sectors of the economy from the ravages of the pandemic.

The highlights of your Bank's performance for the year FY 2021-22 have been given in the Annual Report.

## KEY STRATEGIC INITIATIVES BY THE BANK:

During FY 2021-22, your Bank has undertaken multiple initiatives to achieve the mission of providing quality banking services and creating value for all stakeholders. Some of the important initiatives are as under:

1. Post-amalgamation, the Bank has completed harmonization of various processes and has focused on ensuring business as usual in the most effective manner. Continuing with the thrust on increasing the operational efficiency and augmentation of business, in FY 2021-22 Bank has created CGTMSE Vertical under MSME Wing, Card Recovery Cell and Digital Lending Cell under Digital Banking Services Wing, Transaction Monitoring wing, Research & Development (R&D) Section under SP&D Wing and one parallel Unit of Integrated Treasury Wing at Manipal. In addition to that, Bank has also created Government Services Wing at New Delhi in the current financial year. These are few of the several ongoing initiatives that your Bank continues to take in order to ensure a focused and goal oriented approach towards expanding business and improving the operational efficiency.
2. Bank has further strengthened the various initiatives undertaken for operational efficiency like centralizing and digitalizing the business process activities such as account opening through Central Processing Hubs, KYC updation through CKYC app, forex transactions through CPCFT, Recovery Call Centre (RECC), analytics based Retail credit offers, tie-up arrangements with Fin-Tech & E-Commerce for lead generation and Document Management System to automate processes and promote paper-light banking.
3. In addition to it, focus has also been placed on strengthening of specialized units like Retail Asset Hubs (RAH), MSME Sulabhs, Large Corporate Branches (LCBs) and Agricultural Credit Centers (ACC) to boost the credit growth with improved quality and speedy disposal of proposals. In FY 2021-22, the Bank has opened 158 new Banking outlets, out of which 16 are General branches, 27 are Retail Assets Hubs, 81 are MSME Sulabhs, 5 are Asset Recovery



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Management (ARM) branches, 14 are Agricultural Credit Centers and 15 are Large Corporate Branches. Moreover, 31 SME Hubs (Back Office) and 12 'Sanction-Alone' RAHs were converted as Banking Outlets. Hence, total of 201 branches were added from March'21 figure. Besides this, 3 Currency Chests were also opened in FY 2021-22.

4. Proactive steps are also being taken to leverage the power of Analytics to improve the operational efficiency and boost productivity. In this regard, different dashboards like BD 360, digital products and CPGRS (Canara Public Grievance Redressal Package) have been introduced for day-to-day monitoring of key business parameters.
5. Your Bank is one among the top Banks to complete Integration with National portal for Govt. Sponsored Loans, wherein Bank has recently integrated Jan Samarth (National) portal with our loan origination system as a part of DFS initiative for sourcing the credit subsidy linked schemes in MSME, Retail and Agriculture.
6. In line with the fast changing landscape of Banking industry we prioritize to leverage the Digital Banking base of the Bank to provide best in the industry banking services to our valued customers. To optimize our Digital banking offerings, we have enhanced the features under "CANDI" mobile Banking app, added the facility of "FX4U" for seamless forex transactions and DigiLocker facility under internet banking. We have also implemented SiHUB (Standing Instruction Hub) solution to enable our customers to opt for e-Mandate facility for recurring transactions at the Merchant site.
7. We also provide End-to-End Digital Lending Platform, in which applying for loan, KYC validation, eligibility based check on the scheme guidelines, sanction, digital document execution (e- stamping & e-signing) and disbursement of the loan happens with minimum manual intervention. Presently, Canara Budget and Canara Vehicle Schemes under Retail loans and Shishu Mudra Loans under MSME Loans have been introduced under the Digital Lending Platform and more schemes will be introduced in phased manner under this platform in due course. Leveraging on these digital initiatives will further aid the performance of the Bank.
8. MSME Lending is one of our thrust areas, as the sector supports employment generation, export growth and has a positive multiplier effect. In this regard, credit off-take of MSME lending through digital platforms like PSB 59 & TReDS platform has been further improved. Besides this, Canara Bank has entered into Tie up with two Fin-tech companies namely M/s Atyati Technologies Pvt. Ltd and M/s SUB K Impact Solutions Ltd for sourcing of loan proposals from prospective PMMY borrowers up to ₹10 lakhs.
9. Your Bank has integrated Centrally Sponsored Scheme (CSS) Single Nodal Agency (SNA) accounts to PFMS. In this regard, Bank has a total of 256925 PFMS accounts amounting to ₹12,534 Crores as on March, 2022. In addition to this, we have completed Electronic Payment Advice (e-PA) Integration with PFMS.
10. Your bank has developed an in-house package for the online grievance redressal system namely CPGRS (Canara Public Grievance Redressal System). This package enables the customers to register their complaints online through our website.
11. Your Bank has effectively implemented enhanced version of 'Scholarship and fellowship Management Portal'. The portal was inaugurated by Ministry of Social Justice and Empowerment to ease out grievance redressal mechanism and for seamless scholarship payment by reducing the physical contact during the pandemic.





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12. To boost customer convenience, Bank has introduced 'VCIP - Video Based Customer Identification Process' for submission of Life Certificate by pensioners.
13. In a bid towards obviating occurrence of any suspicious/fraudulent transaction, your Bank has introduced Rule based EFRM (Enterprise Fraud Risk Management) solution wherein on the basis of alerts generated, calls are made to customers to ensure the genuineness of customer transaction.

## CORPORATE SOCIAL RESPONSIBILITY

We are a responsible Corporate Social citizen and the principles of Corporate Social Responsibility (CSR) are deeply embedded in our business processes. Under CSR, the Bank aims to integrate environmental, social and governance objectives, established in line with national priorities for inclusive development. CSR initiatives of the Bank are multifarious, covering activities like training unemployed rural youth, scholarship to meritorious SC/ST Girl students, renovation of schools and providing of other infrastructural facilities to the needy educational institutes, providing primary health care, drinking water, community development, empowerment of women, environment protection, Swatch Bharat, sports and other social initiatives.

## WAY FORWARD

The outlook for FY 2022-23 is positive with accelerated vaccination of the larger population, Government focus on capex and expected pick up in aggregate demand on further normalization of economic activities particularly in the second half of the year, with some moderation in growth momentum expected in the near term due to rising inflation on elevated crude oil prices and high input costs. However, the Bank is committed to champion in meeting all financial needs of the customers and contribute to inclusive growth of the economy.

Going ahead, Bank aims at improving the bottom-line further with balanced thrust on retail, MSME and corporate advances coupled with increased adoption of digitalization for efficiency improvement. The Bank expects improved CASA and CASA ratio in FY 2022-23 by increasing customer network and adopting aggressive strategy of setting up of Government Business Vertical to act as the nodal vertical for liaisoning with Government Department including focus on opening of Single Nodal Agency (SNA) & Central Nodal Agency (CNA) accounts. Bank's endeavor will be to keep reinventing itself by building on its strengths as per emerging industry landscape and changing customer needs. Our endeavor is to ensure a 'customer-centric' Banking model that creates long term value for all its stakeholders.

The Bank's management is highly confident about achieving augmented growth across all business segments by leveraging the digital technology with robust capital base in financial year 2022-23 and beyond. Bank will continue its focus on asset quality and capital conservation.

A snapshot of Bank's financial performance is given below:

(₹ in Crore)

Particulars	Mar-21	Mar-22	Growth (%)
<b>Global Business</b>	<b>1686030</b>	<b>1827556</b>	<b>8.39</b>
<i>of which- Domestic Business</i>	1615864	1738813	7.61
Overseas Business	70166	88743	26.48
<b>Global Deposits</b>	<b>1010875</b>	<b>1086409</b>	<b>7.47</b>
<i>of which- Domestic Deposits</i>	963306	1027767	6.69



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Overseas Deposits	47569	58642	23.28
<b>Domestic Deposits</b>	<b>963306</b>	<b>1027767</b>	<b>6.69</b>
Current Account Deposits	49131	52816	7.50
Savings Bank Deposits	281525	315916	12.22
CASA Deposits	330656	368732	11.52
<b>Domestic CASA to Domestic Deposits (%)</b>	<b>34.33</b>	<b>35.88</b>	<b>-</b>
<b>Global Advances</b>	<b>675155</b>	<b>741147</b>	<b>9.77</b>
<i>of which- Domestic Advances</i>	652558	711046	8.96
Overseas Advances	22597	30101	33.21
<b>Total Assets</b>	<b>1153675</b>	<b>1226980</b>	<b>6.35</b>
<b>Net Interest Income (NII)</b>	<b>24103</b>	<b>26384</b>	<b>9.46</b>
<b>Other Income</b>	<b>14924</b>	<b>16497</b>	<b>10.54</b>
<i>of which-Fee Income</i>	5243	6113	16.59
Forex Income	1882	2813	49.47
Trading Gains	2978	2593	(12.93)
Recovery from written-off accounts	3032	2747	(9.40)
<b>NII + Other Income</b>	<b>39027</b>	<b>42881</b>	<b>9.88</b>
<b>Operating Expenses</b>	<b>19338</b>	<b>19792</b>	<b>2.35</b>
<b>Operating Profit</b>	<b>19689</b>	<b>23089</b>	<b>17.27</b>
<b>Provisions</b>	<b>15982</b>	<b>14128</b>	<b>(11.60)</b>
<i>of which-Provisions for NPAs &amp; Bad debts written off</i>	14168	9848	(30.49)
Profit Before Tax	3707	8961	141.73
Provision for Tax	1149	3283	185.73
<b>Net Profit</b>	<b>2558</b>	<b>5678</b>	<b>121.97</b>

The global business of the Bank increased to ₹1827556 crore, up by 8.39% y-o-y, out of which domestic business grew by 7.61% y-o-y to ₹1738813 crore as at March 2022. Domestic CASA deposits surged by 11.52% y-o-y to ₹368732 crore with Savings Account growing at 12.22% y-o-y and Current Account at 7.50% y-o-y. Thus, domestic CASA improved to 35.88% as at March 2022.

Bank took various steps in respect of monitoring, control and maintaining asset quality. The sustained efforts of the Bank has yielded results on the asset quality front which showed a commendable fall in Gross NPA by 142 bps to 7.51% and Net NPA to 2.65%, down by 117 bps. Further the provision coverage ratio has improved to 84.17% from 79.68% in the previous year. The healthy CRAR of 14.90%, up by 172 bps, highlights that the bank is well cushioned for an organic growth in the coming quarters. In FY 2021-22, operating profit of the Bank stood at ₹23089 crore and net profit at ₹5678 crore.

#### Dividend

The Board of Directors of the Bank has recommended a dividend of ₹6.50 per equity share (i.e. 65%) of face value of ₹10/- each to the Shareholders for the year 2021-22, subject to the approval of the Shareholders at the AGM.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GLOBAL ECONOMY

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The global economy picked up pace of economic recovery in first half of FY 2021-22 on widespread vaccination of larger populations, ebbing new infections and supportive policy environment. However, recovery momentum faced headwinds in the second half of the financial year in terms of resurgence of the virus in several parts of the world, continued supply disruptions and bottlenecks, persistent inflationary pressures and spill over effects of policy normalisation of major economies. The escalation in geopolitical tensions between Russia-Ukraine since February 2022, further fuelled the spike in global commodity prices-particularly global crude oil prices, leading to inflationary pressures across the globe.

Taking into consideration the evolving scenarios related to the worsening geo-political tensions, International Monetary Fund (IMF) has revised downwards the global growth to 3.6% in 2022 and 2023 from earlier estimate of 6.1%.

Going forward, the global economic growth outlook hinges on global headwinds from the Russia-Ukraine conflict, resurgence of new variants of COVID-19, volatility in global financial markets and inflation trajectory.

## INDIAN ECONOMY

The domestic macroeconomic conditions showed signs of improvement since July 2021 with ebbing of the second wave of the pandemic, acceleration in vaccination process, easing of pandemic related restrictions and gradual normalisation of economic activities. The growth momentum was slowed down in later part of Q3FY22 on resurgence of the pandemic. However, the domestic macroeconomic conditions soon started improving in Q4FY22 with subsiding new infections, universal vaccination, normalization of economic activities and improvement in consumer & business confidence. Improvement is being observed in exports and imports, bank credit growth and manufacturing activities.

There is positive prospects for rural demand in 2022 with the forecast of a normal monsoon and urban demand is expected to be sustained with pick-up in contact-intensive services and expected strengthening of private investment activity, which has positive implication for the domestic economy. However, downside risks to the growth momentum has increased since February 2022 with intensifying geo-political tensions, elevated commodity prices, spike in crude oil prices, slowing external demand and tightening global financial conditions on the back of monetary policy normalization in advanced economies. Considering all these factors, RBI has revised downwards its projection for real GDP growth for FY 2022-23 to 7.2% from earlier projection of 7.8%.

Going forward, GDP growth momentum is expected to gain traction with higher Government spending in infrastructure sector and expected revival in aggregate demand. The outlook of bank credit is positive in the medium to long term with some moderation expected in the near term due to the ongoing geo political issues.

## OUTLOOK FOR 2022-23

Given the global slowdown in the wake of volatility induced by prolonged geo-political tensions, higher commodity prices, pace of monetary policy normalisation in advanced economies and resurfacing of COVID infections in some major countries, the growth outlook is subdued for the near term. The key channels of impact will likely be higher inflation, weak consumer demand and tighter financial conditions.

The economic growth momentum of the country is largely dependent on ongoing global events that pose downside risk to growth. Higher prices levels are expected to weigh on private consumption and investment that are important growth levers. However, the fiscal and monetary policy support will

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remain growth supportive in the coming year. The credit growth is expected to pick up in tandem with economic recovery.

The Bank will continue to focus on achieving greater growth in business along with profitability. On the deposits front, the Bank is giving thrust on shoring up of CASA while consciously reducing the reliance on bulk deposits. On the advances front, Bank focuses on a balanced advances portfolio with proper mix of retail, agriculture, MSME and corporate credit. Need is to focus on best in class customer service, be it in retail segment or in Corporate Banking. Strategic focus will also be on strengthening risk management framework with focus on compliance & proper implementation of systems and procedures.

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 customers' and industry requirements. In the coming years, Bank looks forward to provide 'customer-centric' Banking services, leveraging technology and creating value for all stakeholders through inclusive growth.

**CANARA BANK IN 2021-22:**

Canara Bank's business growth has remained robust in FY 2021-22 with record 122% y-o-y growth in net profit to ₹5678 crore with major thrust on balanced growth, optimal resource mobilization, robust fee income, expanding retail assets, including Agriculture, Housing and other retail segments, and improving asset quality.

**BUSINESS PERFORMANCE**

Restrictio

During FY 2021-22, the global business of the Bank stood at ₹1827556 crore with a growth of 8.39% y-o-y from ₹1686030 crore, with global deposits at ₹1086409 crore with a growth of 7.47% y-o-y and global advances at ₹741147 crore with a growth rate of 9.77%.

**A snapshot of business growth in FY 2021-22**

(₹ in Crore)

Particulars	Mar-21	Mar-22	Growth (%) y-o-y
<b>Global Deposits</b>	<b>1010875</b>	<b>1086409</b>	<b>7.47</b>
<i>of which- Domestic Deposits</i>	963306	1027767	6.69
Overseas Deposits	47569	58642	23.28
<b>Domestic Deposits</b>	<b>963306</b>	<b>1027767</b>	<b>6.69</b>
Current Account Deposits	49131	52816	7.50
Savings Bank Deposits	281525	315916	12.22
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<b>Domestic CASA to Domestic Deposits (%)</b>	<b>34.33</b>	<b>35.88</b>	-
<b>Global Advances</b>	<b>675155</b>	<b>741147</b>	<b>9.77</b>
<i>of which- Domestic Advances</i>	652558	711046	8.96
Overseas Advances	22597	30101	33.21
<b>Total Assets</b>	<b>1153675</b>	<b>1226980</b>	<b>6.35</b>

**Deposits:**



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Total Deposits grew by 7.47% y-o-y from ₹1010875 crore as on March 2021 to ₹1086409 crore as on March 2022. Domestic CASA deposits of the Bank grew by 11.52% y-o-y to ₹368732 crore as on March 2022 with Savings deposits at ₹315916 crore, a growth rate of 12.22% y-o-y and Current deposits at ₹52816 crore with a growth of 7.50% y-o-y. The Bank's domestic CASA deposits share to domestic deposits stood at 35.88%.

The focus on premier CASA products, like Single Nodal Agency (SNA) Accounts/ Central Nodal Agency (CNA) Accounts, 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 10.51 crore as at 31st March 2022.

### 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 retail assets, including Housing, Education, and Vehicle loans.

Advances (Gross) of the Bank reached ₹741147 crore as at March 2022. The number of borrowal clientele stood at 1.08 crore as at March 2022. Total business of the Bank increased to ₹1827556 crore for the year ended March 2022.

## FINANCIAL PERFORMANCE

Operating profit of the Bank stood at ₹23089 crore for FY 2021-22. Bank reported a net Profit of ₹5678 crore for FY 2021-22. Net Interest income of the Bank stood at ₹26384 crore. NIM stood at 2.82% and Yield on Advances at 7.22%.

Key Financial Ratios (%)	Mar-21	Mar-22
Cost of Funds	4.09	3.60
Yield on Funds	6.26	5.82
Cost of Deposits	4.52	3.95
Yield on Advances	7.73	7.22
Net Interest Margin (NIM)	2.76	2.82
Return on Assets (RoA)	0.23	0.48
Return on Equity (RoE)	6.71	12.82
Cost to Income Ratio	49.55	46.16

### Income and Expenditure Analysis:

During the year, total income is at ₹85907 crore, comprising ₹49862 crore interest from advances, ₹16972 crore interest from investments, ₹16497 crore from non-interest income and ₹2576 crore from other interest income.

### Operating performance of the Bank

(₹ in Crore)

Particulars	Mar-21	Mar-22
Interest Earned	69280	69410
Interest Expended	45177	43026
Net Interest Income (NII)	24103	26384
Other Income	14924	16497





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Particulars	Mar-21	Mar-22
<i>of which-</i> Fee Income	5243	6113
Forex Income	1882	2813
Trading Gains	2978	2593
Recovery from Written Off Account	3032	2747
<b>Operating Income (NII + Other Income)</b>	<b>39027</b>	<b>42881</b>
<b>Operating Expenses</b>	<b>19338</b>	<b>19792</b>
Employee Expenses	12756	12704
Other Operating Expenses	6582	7088
<b>Operating Profit</b>	<b>19689</b>	<b>23089</b>
<b>Provisions</b>	<b>15982</b>	<b>14128</b>
<i>of which-</i> Provisions for NPAs & Bad debts written off	14168	9848
Provision for Standard Advances	1	(233)
Provision for Depreciation on Investment	107	979
Other Provisions	1705	2180
<b>Profit Before Tax</b>	<b>3707</b>	<b>8961</b>
<b>Provision for Tax</b>	<b>1149</b>	<b>3283</b>
<b>Net Profit</b>	<b>2558</b>	<b>5678</b>

In line with the thrust areas for the Bank, non-interest income (Excl. Trading profit) is at ₹13904 crore. Apart from trading profit, other major sources of non-interest income, like, service charges (₹3125 crore), commission and exchange (₹1230 crore), recovery from written off accounts (₹2747 crore) and Profit from exchange transaction (₹2813 crore) contributed to the non-interest income of the Bank. The share of non-interest income to total income stood at 19.20%.

Total expenditure of the Bank stood at ₹62818 crore in FY 2021-22. Interest expenses of the Bank is at ₹43026 crore. Operating expenses is at ₹19792 crore, comprising staff cost of ₹12704 crore and other operating expenses of ₹7088 crore.

Due to the decrease in interest rates, the Bank's cost of deposits is reduced to 3.95%. The net interest income, the difference between interest paid and interest earned by the Bank, is at ₹26384 crore.

#### Capital and Reserves:

Net worth of the Bank, as at March 2022 stood at ₹48692.46 crore. While the total paid-up capital of the Bank stood at ₹1814.13 crore, the reserves and surplus at ₹64297.18 crore.

Composition of Capital (₹ in Crore)	March 2021 Basel III	March 2022 Basel III
Risk Weighted Asset	530012	538283
CET I	45624	55247
CET I (%)	8.61%	10.26%
AT I	7813	8886
AT I (%)	1.47%	1.65%
Tier I Capital	53437	64133
CRAR (%) (Tier I)	10.08%	11.91%
Tier II Capital	16407	16083
CRAR (%) (Tier II)	3.10%	2.99%
Total Capital	69844	80216
CRAR (%)	13.18%	14.90%



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Capital Adequacy Ratio, under Basel III was 14.90% as at March 2022 against the regulatory requirement of 11.5%, including capital conservation buffer of 2.50%. Within the capital adequacy ratio, CET I ratio was at 10.26% and Tier I capital ratio was at 11.91%.

During the Financial Year 2021-22, Bank has raised capital via Basel III compliant additional Tier 1 Bond amounting to ₹4000 crore, Tier 2 Bonds amounting to ₹2500 crore and equity through QIP of ₹2500 crore and thereby Government of India shareholding in the Bank is 62.93% as on 31.03.2022.

### RETAIL LENDING OPERATIONS:

For the FY 2021-22, Retail Lending as one of the thrust areas of the Bank had shown a considerable growth of 9.51% compared to FY 2020-21. The Core Retail Portfolio of the Bank increased to ₹126277 Crore as on March 31, 2022 with Housing Loans at ₹73828 Crore and ₹14105 Crore under Vehicle Loans. The share of Retail Loans stood at 17.75% as of March 31, 2022 of Domestic Advances (₹711046 crore). The initiatives taken in the hassle free credit delivery of Retail Portfolio resulted in the growth of 9.51% over the previous year.

(in ₹ Crore)

Retail Segments	As at March	
	2021	2022
1. Housing	64326	73828
2. Vehicle	13713	14105
3. Other Personal	24834	25369
4. Education	12439	12975
Core Retail Loans (1+2+3+4)	115312	126277

### EDUCATION LOAN

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 ₹12975 crores as at March 2022. The Bank has financed around 3.58 lakh students as at March 2022. During FY 2021-22, the Bank has disbursed education loans worth ₹2269.68 crores and sanctioned 36293 number of accounts amounting to ₹ 3661 crores through online Vidya Lakshmi portal.

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 scheme namely "Vidya Turant", 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 ₹50 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 "Vidya Shakthi" education loan scheme for the PwD category of students including expenses for specially designed equipment's for differently abled persons with concessional interest rate.

Our bank has recently integrated Jan Samarth (National) portal with our loan origination system as a part of DFS initiative for sourcing the credit subsidy linked education loan applications under Central Sector Interest Subsidy Scheme (CSIS), ACSISEBCOBC\*, Padho Pardesh under education loan Central Sector subsidy schemes.



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\*Dr. Ambedkar Central Sector Scheme of Interest Subsidy on Educational Loans for Other Backward Classes (OBCs) & Economically Backward Classes (EBCs)

**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 2022 reached ₹339039 Crore and achieved 49.68% to Adjusted Net Bank Credit (ANBC) against 40% mandated norm.

**Priority Sector**

(Amount in ₹. Crore)

Priority Sector Advances	As at March	
	2021	2022
Total Priority Sector	304803	339039
Agriculture (Priority)	155990	175238

- With a focus on credit delivery to **Agriculture**, the Bank's advances under agriculture portfolio increased by 12.34% to ₹175238 Crore, covering over 1.07 crore farmers.
- Under agriculture lending, the Bank achieved 22.47% to ANBC against 18% mandated norm.
- During FY 2021-22, the Bank's agriculture credit disbursement is at ₹152686 Crore.
- Advances to Small & Marginal Farmers achieved 16.26% to ANBC as against the mandatory Target of 9% (Net of PSLC-SF/MF sale) as at March 2022.
- During the year, the Bank issued 20.14 lakh Kisan Credit Cards (KCCs), amounting to ₹35169 Crore.
- The credit outstanding under KCCs reached ₹44491 Crore as at March 2022.
- 16.32 lakh Kisan RuPay Cards were issued against eligible accounts of 20.28 lakh, with an achievement of 80.47%.
- Advances to Micro Enterprises (Priority) stood at ₹61171 Crore achieving 10.16% 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 2022, the outstanding advances under the following Government Schemes, aggregated to ₹33137 crores, involving around 21.29 lakh beneficiaries.

**Performance under various Government Sponsored Schemes:**

(Accounts in actuals & Amount in ₹. Crore)

Scheme Name	Mar-22	
	Accounts	Amount
Prime Minister Employment Generation Programme (PMEGP)	48423	2284
Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM)	135743	3504
Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM)	16329	195
Differential Rate of Interest	102323	80



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Stand Up India	6802	1194
Pradhan Mantri Mudra Yojana (PMMY)	1819166	25880
<b>Total</b>	<b>2128786</b>	<b>33137</b>

- Advances to DRI stood at ₹80 Crore, consisting of 1.02 lakh beneficiaries, of which, advances by rural and semi-urban branches amounted to ₹60 Crore.
- In support of the underprivileged sections of the society, the Bank's **advances to SCs/STs** beneficiaries amounted to ₹15041 Crore as at March 2022, covering 8.38 lakh borrowers.
- The advances to SCs/STs comprised 4.44% of total priority sector advances.
- **Advances to weaker** sections reached ₹174880 Crore, constituting 22.41% to ANBC against mandated norm of 11%.

**Various components of advances to Weaker Sections as at March 2022:**

(Accounts in actuals & Amount in ₹. Crore)

Sector Name	Outstanding	
	Accounts	Amount
Small & Marginal Farmers, Landless Labourers, Tenant Farmers and Share Croppers	9841423	137903
SC/ST Beneficiaries	838104	15041
DRI Loan	102323	80
Self Help Group	347098	11142
Joint Liability Group	56940	1249

- As at March 2022, advances to **specified minority communities** aggregated to ₹56520 Crore, accounting for 16.71% of the actual priority sector advances against the stipulated 15% norm.

**MICRO SMALL & MEDIUM ENTERPRISES (MSMEs):**

Advances to MSMEs increased to ₹119026 crores as at March 2022, with a y-o-y growth of 9.87%. Credit to M&SE segments rose to ₹101716 crores, with a 7.27% y-o-y growth. Advances to Micro Enterprises recorded a growth of 13.72 %. In order to increase credit flow to this segment and in view of the ongoing covid-19 pandemic, 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, GECL 3.0, GECL 4.0, GECL Extension)** - 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.

**GECL SCHEME- CUMULATIVE PERFORMANCE TILL 31.03.2022**

Scheme	Sanction		Disbursement	
	Accounts	Amount (Cr)	Accounts	Amount (Cr)
GECL 1.0	475420	9973	451613	9650
GECL 2.0	138	1220	138	1220
GECL 3.0	2135	175	2082	170



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<b>GECL 4.0</b> (Incl. Addl. 10%)	1503	187	1470	184
<b>GECL (ECLGS) Extension</b>	141953	7302.69	130154	6747.24
<b>Total</b>	<b>621149</b>	<b>18857.69</b>	<b>585457</b>	<b>17971.24</b>

- ✓ **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 31.03.2023. Bank has opened 147 accounts to the tune of ₹ 15.76 Cr under the scheme till 31.03.2022.
- ✓ **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. Under **PM SVANidhi**, the Bank sanctioned 217642 accounts amounting to ₹231.91 crore, since inception till 31.03.2022.
- ✓ Based on RBI Notification **DOR.STR.REC.11/21.04.048/2020-21** dated 05-05-2021, Wing has extended Resolution Framework 2.0 (R.F. 2.0) Scheme to MSME loans under standard asset category as at 31.03.2021 with exposure up to ₹50 crores, where restructuring is invoked by 30.09.2021 and is implemented within 90 days from the date of invocation. Under Resolution Framework 2.0 Scheme (Accounts restructured under RBI Circular dated 05.05.2021) 236484 accounts have been restructured amounting to ₹9587.14 crore till 31.12.2021 (i.e. Last date for implementation of the scheme).
- ✓ In line with the Government guidelines, Bank has formulated various schemes for supporting healthcare infrastructure and tourism sector to tide over the pandemic situation, such as:
  - a) **Canara Jeevanrekha**, wherein loans up to Rs. 2 Cr. are extended to set up oxygen plants in hospitals/nursing homes & units engaged in manufacturing & supply of liquid oxygen & associated medical devices at concessional ROI, without processing charges and CGTMSE guarantee fee is borne by the bank. During FY 2021-22, Bank has sanctioned 324 accounts to the tune of ₹46.99 Cr under Canara Jeevan Rekha scheme.
  - b) **Canara Chikitsa**, credit facilities for Rs. 10 lakhs to Rs. 50 Cr. are extended at concessional ROI facilitate immediate liquidity for ramping up COVID related healthcare infrastructure and services. Bank has sanctioned 1633 accounts to the tune of ₹774.51 Cr under Canara Chikitsa scheme during FY 2021-22.
  - c) **LGSCAS** (Loan Guarantee scheme for Covid affected sectors), wherein loans up to Rs. 100 Cr. is extended for financing Brownfield and Greenfield projects for setting up of/modernization/expansion of COVID related healthcare infrastructure and services in the non-metropolitan areas, at concessional ROI, under partial credit guarantee coverage of M/s. NCGTC.
  - d) **LGSCATSS** (Loan Guarantee scheme for Covid affected Tourism Service Sector) has been implemented by the Bank, to finance registered eligible tourist guides and Travel & Tourism stakeholders in terms of credit facilities at concessional ROI and no processing charges, restricted to maximum of Rs.10.00 lakh each in case of recognized/ approved Travel & Tourism Stakeholders and up to Rs.1.00 lakh each for registered Tourist Guides, under 100% Credit Guarantee coverage of M/s. NCGTC ,for discharging liabilities and restarting their businesses affected due to Covid -19 pandemic.





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- ✓ Bank has sanctioned 43 accounts to the tune of ₹66.99 Cr under LGSCAS scheme and sanctioned 284 accounts to the tune of ₹2.14 Cr under LGSCATSS scheme during FY 2021-22.
- ✓ Under Pradhan Mantri Mudra Yojana (PMMY), the Bank sanctioned an amount of ₹13521.49 crore against the target of ₹12500 crore during FY 2021-22. Sanctions and disbursements under different categories of Mudra Yojana are as under:

Category	FY 2021-22 (₹ in Crore)			
	No. of Accounts	Sanction Amount	Disbursement Amount	Cumulative Outstanding Amount as on 31.03.2022
Shishu (<50,000)	624206	796.20	793.37	1899.82
Kishore (Above 50,000- 5 Lakhs)	242700	5817.31	5761.27	12891.56
Tarun (Above 5 Lakh to 10 Lakhs)	81531	6907.98	6864.04	11088.49
<b>Total</b>	<b>948437</b>	<b>13521.49</b>	<b>13418.68</b>	<b>25879.88</b>

**Major Highlights:**

- Under **Stand Up India** scheme, the Bank Sanctioned 4314 accounts to the tune of ₹984.43 crore during FY 2021-22 as against sanction of 4196 accounts and sanction amount of ₹929 Cr during FY 2020-21.
- Bank has achieved the mandatory **target under PMMY** for bank as a whole including RRBs against the target of Rs. 21500 Crores bank has achieved Rs. 22064 Crores (102%).
- During FY 2021-22, under **PMEGP** the Bank sanctioned 11191 proposal amounting to ₹1098.89 crore, with Total Margin Money claimed stood at ₹345.44 crore, as against sanction of 7985 accounts, sanction amount of ₹750 Cr and Margin Money claim of ₹281 Cr during FY 2020-21.
- With respect to **PSB Loans in 59 minutes**, the Bank in one of the top performers on this portal with 37056 in-principle sanctions since the inception till 31.03.2022.
- Under **TReDS Platform**, our Bank has discounted 4499 Bills amounting to ₹1286.83 crore during FY 2021-22.
- Bank has entered into co-lending arrangement with **M/s Indiabulls Commercial Credit Limited** and **M/s Lendingkart Finance Limited** and has already sanctioned loans to the tune of Rs. 206 Cr to MSMEs.
- Bank has implemented 4 Government Sponsored MSME Schemes (PMMY, Stand Up India, Weavers Mudra and NULM) under unified portal called **National Portal** (also known as **Jansamarth Portal**)- an initiative by DFS, Ministry of Finance.

**DIGITAL BANKING & ALTERNATE DELIVERY CHANNELS**

The Bank has 12,208 number of ATMs. The Average Uptime of ATMs & Cash Recyclers stood at 95.37% with ATM HITs of 102 as on March 2022. The Bank's Debit Card base reached to 4.65 crore and Credit Card base to 9.27 lakhs as on March 2022. The number of registered users under Mobile Banking is at 121.05 lakhs and Net Banking users is at 212.39 lakhs as at March 2022. The number of merchant on-boarding in POS stands at 50,032 terminals. The total issuance under BHIM QR reached 12.64 Lakhs. Bank has achieved MeitY digital transaction target for FY 2021-22.

**New functionalities introduced in Debit & Credit Cards:**

- PIN generation through IVR for cards.
- Relevant SMS to customer for decline of transactions such as incorrect PIN, invalid CVV, insufficient fund etc. for Credit Card.
- Card Management System upgradation which includes issuance, generation, processing, authorization and maintenance of cards.



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- Implementation of credit card application processing, sanction and review through Loan Application Processing System (LAPS).
- Enabling of Card Management System package for Branches/Circles/Regional office to provide better customer service.

### **Compliance of RBI guidelines for Cards during FY 2021-22:**

- Implementation of E-mandate for recurring card transactions.
- Enabling the Card on File tokenization at card network level for securing the card transaction on e-com merchant wherever merchants are enabled.
- Automation of asset classification for cards.

### **Tie-up with Online Retailers for providing discounts to customers on using of Debit Card & Credit Card:**

Bank had tied-up with Flipkart, Swiggy during FY 2021-22 for providing discounts to customers on use of Debit/Credit card for e-commerce transaction and in the process of more tie-ups in future. It helps to increase the customer delight & spends, enhance the per card spend, ensure activation of more number of cards with these offers and with higher spends, Interchange earned will also increase.

### **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.

### **Security features to arrest ATM frauds & Compliance of RBI guidelines:**

- 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.
- Implementation of **Terminal Layer Security (TLS)** to mitigate risk arising from Man in The Middle attack in ATM ecosystem is completed in ATMs & Cash Recyclers.
- **Cassette swap** for Cash replenishment is under implementation in ATMs & Cash Recyclers.
- As a part of strengthening security control in ATMs, RBI has directed banks to implement **e-surveillance** in ATMs and same is under progress.
- All ATMs are migrated for centralized reconciliation.
- Implemented Card-less Cash Withdrawal and OTP for cash withdrawal above Rs. 10,000/.
- Bank has taken several measures to comply with the directives of RBI on **Monitoring of Availability of Cash in ATMs** and ensuring availability of cash at all times to avoid penalty.

### **New Features Added in Internet Banking in FY 2021-22:**

- Agricultural Loan services: Apply/Renewal for KCC, Apply for Gold Loan, Repayment of GOLD LOAN/KCC, Agri loan Account statements etc.
- Alternative Generation of Transaction Password through Aadhar Card
- FORM 16 Download through Internet Banking

### **New features Added in Mobile Banking application (CANDI) in FY 2021-22:**

- **UPI International:** Bank is working upon enabling our Customers to Scan and Pay to International Merchant QRs in Singapore through UPI.
- **Recurring Mandate in UPI:** Processing of e-mandate in Unified Payments Interface (UPI) is implemented for recurring transactions/SI Mandate. UPI currently does not have the functionality of generating mandate or authorizing recurring payments through one-time authentication. Now UPI users will be able to perform recurring payment transactions with the same ease and convenience with the below functionalities from payer and payee side: (a). Create/Add Mandate (b). Pause Mandate (c). Revoke Mandate and (d) Modify Mandate.



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- **UPI Prepaid Voucher Issuer & Acquirer:** UPI Prepaid Voucher can be issued only by banks authorized by RBI to issue Prepaid Payment Instruments (PPI) and who are participating as Payment Service Providers (PSP) in the UPI ecosystem (referred hereunder as the “Issuer”). Canara Bank is one of the Banks to be part of this revolutionary transition in the payment system in co-ordination with NPCI.
- **Block/Unblock functionality in Digital Channel:** Providing features like blocking/unblocking individual channel like IB, MB, UPI & Card through IB, MB, UPI, SMS & IVRS. The Customer’s account will not be debit frozen. Only the channel opted by the Customer will be blocked.
- **To enhance security in our Mobile banking application:** Bank has integrated with MASS to identify any malware/harmful application, restrict use of Mobile Banking application in jailbroken devices (for iOS) and rooted devices (for Android), etc.

### ONGOING PROJECTS:

- **Revamping of Mobile Banking Application (CANDI):** To compete with new Generation Banks and remain ahead of peers in competition, it is essential for the Bank to implement innovative solutions to attract customers and provide them better service and experience. For the same, we are in the process of upgrading our present Mobile Banking application to a new version. The upgraded Mobile Banking application contains **250+ new features in 10 vernacular languages**.
- **Upgradation of Internet Banking Application from FCDB to OBDX:** Current version of Internet banking application is FCDB. It is proposed to upgrade to the latest version of OBDX which will be mobile compatible and will be having enhanced Customer experience. OBDX will leverage lots of APIs which can be directly utilized by other alternate channels to integrate.
- **WhatsApp Banking Solution:** Bank is in the process of implementing WhatsApp Banking Channel. It will facilitate our customers for doing non-financial transaction over WhatsApp.
- **ODR - Implementation:** Enabling Online Dispute Resolution for all the digital transaction seamlessly for the users. Customers will be provided with an option to raise the complaints from the channel used as well as track the status of complaint. This implementation will address major customer grievances.
- **ICCW (Interoperable Card-less Cash Withdrawal):** To provide an Interoperable Card-less Cash Withdrawal facility from any NFS ATM using UPI. The aim of this facility is to increase customer convenience and boost online services of Canara Bank. Benefits of using ICCW facility are: No need to carry card for ATM withdrawals, Increase in QR Code based Transaction, Frictionless transaction experience, SMS notification, more secure as PIN entered on customer’s mobile for ATM withdrawals, Instant money withdrawal etc.
- Implementation of Risk Mitigation measures to enhance the security i.e. **One Time Combinations Locks & upgradation of Windows OS** in ATMs and Cash Recyclers are in the initial phase.
- **Providing BHIM QR with Sound Box Facility:** Sound Box facility enables the BHIM QR Merchants (of Canara Bank) and customers/ Remitter (of all banks) to receive voice notification for the successful QR Transactions done via our bank provided QR Code. Sound Box facility makes it



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convenient for both the Merchant and remitter to get the Transaction confirmation with ease. The advantages include the Voice Notification for confirmation of the successful QR Code transactions. Canara Bank is the first Public sector bank to provide Sound Box facility to its Merchants.

- **DIGITAL LENDING END-TO-END:** Bank is the process of launching end-to-end Digital lending system. It is the new-age practice of applying for and giving out loan or credit to borrowers by financial services through the completely online or digital platform journey. The advantages are: Simplified loan process, Quicker Decision Making, Reduced Turnaround time, Consistency Power of Analytics, Improved Lead Conversion, Cost reduction, Additional revenue, Customized loans, Swift payback, Improved Business Efficiency, Optimized Loan Life Cycle etc.

## DOCUMENT MANAGEMENT SYSTEM

Rapid digitalization has led to an exponential growth in business data and content. On a daily basis, banks create and manage massive amount of business documents, Contracts, Loan proposals, Manuals etc. and with the traditional approach it consumes a lot of time, resource utilization and cost too. Our Bank has embarked upon the Document Management System (DMS) project to digitalize the various Banking operations to improve operational efficiency and to encourage paper light banking.

Key Benefits of Document Management System (DMS)

- ✚ Centralization and Management of Documents
- ✚ Increased Operational Efficiency
- ✚ Reduced physical Storage Space
- ✚ Enhanced Security
- ✚ Go green initiative and reduced paper usage

DMS includes digitalization of documents including work-flow automation, centralized storage, solution to physical storage management, Content Management System and secure accessing of documents, etc. Bank has digitalized various workflows and continues to identify more workflows to be brought under this system.

## 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 8906 Business Correspondent Agents (BCAs) under Business Correspondents (BC) model. Bank has covered 5267 SSA, 153 SLBC and 3486 NON SSA locations.
- ✓ 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.

## Scheme Enrolments including Renewals as at March 2022

(In Lakhs)

Scheme Enrolments including Renewal	As at March 2022
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Pradhan Mantri Jeevan Jyoti Bima Yojana(PMJJB)	57.06
Pradhan Mantri Suraksha Bima Yojana(PMSBY)	151.97
Atal Pension Yojana (APY)	31.25

Under Sukanya Samridhi Yojana, the outstanding number of accounts as on 31<sup>st</sup> March 2022 is 138997 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 529 Programmes were organized by the CEDWs during FY 2021-22.

#### Lead Bank Responsibility:

As on 31.03.2022, 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 3 overseas branches, viz., London (UK), New York (USA) and Dubai International Financial Center - DIFC (UAE). Besides the above 3 branches, the Bank has a Representative Office at Sharjah (UAE), a wholly owned subsidiary; Canara Bank (Tanzania) Limited at Dar Es Salaam (Tanzania) and a joint venture with State Bank of India; Commercial Indo Bank LLC at Moscow (Russia).

Total Business of the overseas branches aggregates to Rs. 88743 Crore comprising of deposits to the tune of Rs. 58642 Crore and advances to the tune of Rs. 30101 Crore as at March 2022. Overseas business constituted 4.86% of the Bank's global business. As per the rationalization plan for overseas branches, Bank has closed Hong Kong branch during Financial Year. Further, we are awaiting for final approval from Central Bank of Russia for sale of our entire stake in Commercial Indo Bank LLC to State Bank of India. During the year, Bank has also decided for divestment of Canara Bank (Tanzania) Limited, which is in progress.

#### ASSET QUALITY

Gross NPA of the Bank is at 7.51% (₹55652 crore) and Net NPA is at 2.65% (₹18668 crore) as at March 2022. The cumulative Cash Recovery including Recovery in written off accounts during FY 2021-22 was at ₹12116 crore. Upgradation for FY 2021-22 was at ₹3177 crore. Provision Coverage Ratio (PCR) is at 84.17% as at March 2022. Recovery in written off accounts for FY 2021-22 was ₹2747 crore. Slippage has been contained during the year to ₹12707 crore.





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During FY 2021-22, 1709 properties were sold amounting ₹1197.31 crore and 4293 accounts were settled/ closed/upgraded amounting ₹2296.67 crore were made on account of initiating actions under the SARFAESI ACT. The Bank conducted 4649 Recovery Meets during FY 2021-22 that has resulted in recovery of ₹4183.71 Crore. In FY 2021-22, 482940 cases were settled, covering a liability of 8417.93 Crore. In FY 2021-22, 113025 cases were referred to LOK ADALAT, out of which, 22038 cases were settled, covering an amount of ₹251.32 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), Lok Adalats 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 2022, there were 1073 wilful defaulters with an outstanding amount of ₹14207.18 crore.

The Bank has initiated resolution process in respect of 382 cases by referring to NCLT/Filing our claim as at 31.03.2022.. In FY 2021-22 recoveries amounting to ₹2431 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 mechanization.

As on March 2022, the outstanding Stressed Assets Portfolio (including restructured Standard Accounts) stood at ₹ 59512 Crore, accounting for 8.03% of Gross Advances.

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## RISK MANAGEMENT

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Bank's Risk Management ensures identification, measurement, monitoring and mitigation of all pertinent risks and aligns its function for comprehensive solutions. It acts as decision-enabler for effective resource allocation based on the risk impact ranking and risk appetite. Strategic decisions are taken after careful consideration of risks and opportunities.

The guiding principles to manage risk in the Bank is compliance of regulatory and legal requirements and achieving balance between risk and return, while ensuring independence of risk and business functions.

Risk Management Policies are approved by the Board duly encompassing business strategies, capital strength, risk appetite, laws & regulation in order to function efficiently and effectively in analysing all pertinent and emerging risks.

Board of Directors is the highest governing body and is duly assisted by the Risk Management Committee of the Board and various executive level risk management committees- ALCO, CRMC, ORMC, MRMC, GRMC etc. To meet the goal of making risk governance and culture more pervasive all across the Bank, local risk management committees are also formed at administrative unit's throughout the country with active involvement of field functionaries.

While the Bank follows standardised approach to measure its risks, it is actively pursuing in moving towards advanced approach to identify and measure all its material risks (credit, market and operational risk) under Pillar I of Basel III framework.

Bank has put in place Credit Policy and Credit Risk Management Policy which articulates Bank's approach to identify, measure, monitor & control/mitigate and actively manage Credit risk. Bank also has in place a robust system for internal rating (internally developed models) of the borrowers, appraisal of loan/credit proposals, credit approval process and credit monitoring. The entire process of the Loan review and monitoring is duly administered by the Credit Administration & Monitoring Wing.



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Market risk is managed through a well-defined Board-approved Market Risk Management Policy and Integrated Treasury Policy that captures risk through limits/triggers. Mid Office of Risk Management Wing monitors the limits 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 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 policy for management of Operational Risk, which covers aspects, such as, Operational Risk Management framework, Outsourcing Activities and Business Continuity Plan, Key Risk Indicators (KRI), Risk Control & Self-Assessment (RCSA) workshops to measure and manage Operational Risks.

Bank also analyses other imminent risks like liquidity & interest rate risk, concentration, reputational, strategic, compliance, group risk and other key risks both qualitatively and/or quantitatively as part of its Internal Capital Adequacy Assessment Process (ICAAP) under Pillar II of Basel III framework.

The Bank has put in place a Board approved Policy on Group Risk Management to assess, identify and monitor risks at consolidated group level. The Group Chief Risk Officer (GCRO) of the Bank is supervising the risk management activities of the Group Entities.

Bank follows responsible and transparent approach while disclosing all relevant risks and mitigation plan to its stakeholders for meaningful insight into the functioning of the Bank.

Protection and care of environment and society with strong and ethical governance practices are the guiding theme for future sustainability under ESG framework. Considering the future importance of ESG risk in shaping business architecture, Bank is evolving mechanism to bring in cohesive approach to manage the ESG risks.

Restricted

Fully appreciable of the facts that the advance risk management practices are all about seamless data flow and its integrity, leveraged by technology for effective and timely management action - the Bank has embarked upon automation of its risk management system and processes.

#### **COMPLIANCE TO INTERNATIONAL STANDARDS:**

Bank has been certified with ISO: 27001:2013 for Data Centre, Near Data Center, Disaster Recovery centre and Department of Information Technology Wing/ Technology Operations Wings and the certification is valid for a period of 3 years from 11/04/2020 till 10/04/2023. 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 Domestic (net) of the Bank stood at ₹2,79,515.81 crore as at March 2022. While modified duration of the investments portfolio stood at 4.71 as at March 2022, the modified duration of the Available for Sale (AFS) portfolio is at 2.33 as at March 2022. The yield on investments stood at 6.28% as at 31st March 2022. The trading profit under domestic treasury operations during the year is ₹2366.01 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 Government securities market as a Primary Dealer. The total amount of bids submitted for underwriting was Rs. 1,04,968.00 crore out of which the underwriting commitment accepted by RBI was Rs. 55,154.00 crore. With regard to treasury bills



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under PD business as against minimum success ratio of 40% to be achieved in each half year, the Bank has achieved 75.19% during the first half and 47.06% for second half of Financial Year 2021-22.

Foreign Business Turnover of the Bank aggregated to ₹1, 85,128 crore, comprising of ₹90,783 crore under exports, ₹37,191 crore under imports and ₹57,154 crore under remittances during the year ended March 2022.

**OTHER SERVICES**

**MERCHANT BANKING**

During the Financial year 2021-22 Merchant Banking Division of the Bank

- Handled 180 Equity Issues and 30 Debt Issues and Bank got float fund benefit for 4-7 days through ASBA. The Bank collected commission of Rs 78.32 Lakhs during the financial year.
- Under 54EC 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 the year, funds mobilized/ Collected by our Bank are Rs 761.20 Crores as collecting banker and Rs 68.74 Crores as arranger. We have received an Arranger fee of Rs 27.09 Lakhs.

- During the year, Section has prepared 2 valuation reports of the companies and earned commission Rs 7.13 Lakhs.
- We also initiated the work as arranger for AT1 Bonds, Tier II Bonds and NCDs. During the year we have earned Rs 319.30 Lakhs on account of arranger fees.
- Bank has introduced new ASBA package for customers to apply for IPO/Rights/Debt which is more user friendly for customers as well as staff.

**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 2021-22, Bank earned a commission income of ₹249.27 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 ₹34.47 crore from its joint venture, M/s Canara Robeco Asset Management Company Ltd. A commission income of ₹72.34 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 ₹14.02 crore under PMJJBY & ₹2.36 crore under PMSBY. Bank has also earned renewal/trail commission from E-Syndicate Insurance and Mutual Fund partners of ₹4.21 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 Sukanya Samridhi Scheme. These products have contributed towards collection of fee income of ₹210.85 Crores during FY 2021-22 and also enhancing Bank’ goodwill.

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



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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 662654 accounts under APY during the FY 2021-22.

**ORGANISATION AND SUPPORT SERVICES**

**Branch Network-Expanding Pan India Presence**

In a bid to expand the reach, the Bank added 201 domestic branches during the year. As at March 2022, the Bank had 9734 domestic branches, including Specialized Branches.

**Composition of Branch Network**

Category	No. of Branches		Opened during the year
	31.03.2021	31.03.2022	
Metropolitan	2113	1957	71
Urban	2094	1978	96
Semi-urban	3140	2757	26
Rural	3069	3042	8
Overseas	4	3	-
<b>Total domestic Branches</b>	<b>10416</b>	<b>9734</b>	<b>201</b>

Note: 883 domestic branches were merged during the year.

1 Overseas branch was merged/closed during the year.

The total Specialized Branches of the Bank stood at 777 as at March 2022.

**MANPOWER PROFILE**

Restricted

As at March 2022, the Bank had 86919 employees on its roll. The cadre-wise break-up of manpower is as follows:

Cadre	March 2021	March 2022
Officer	48912	50929
Clerk	26427	23686
Sub Staff*	12874	12304
<b>Total</b>	<b>88213</b>	<b>86919</b>

\*includes Part Time Employees (PTEs)

Total staff strength of the Bank comprised of 58.59% Officers, 27.25% Clerks and 14.16% Sub Staff. The Women staff strength of the Bank was 27,356, constituting 31.47% of the employees. The total number of ex-servicemen staff as at March 2022 stood at 5,299. There were 2,436 Differently abled persons on the rolls of the Bank.

**RESERVATION POLICY**

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

The representation of SCs/STs/OBCs/EWS/DAPs employees as at March 2022 was as under:

Grade	SCs	STs	OBCs	EWS	DAPs
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<b>Officer</b>	<b>9006</b>	<b>4089</b>	<b>15488</b>	<b>284</b>	<b>1287</b>
<b>Clerk</b>	<b>4460</b>	<b>1509</b>	<b>7244</b>	<b>99</b>	<b>810</b>
<b>Sub Staff*</b>	<b>4610</b>	<b>869</b>	<b>3488</b>	<b>-</b>	<b>339</b>
<b>Total</b>	<b>18076</b>	<b>6467</b>	<b>26220</b>	<b>383</b>	<b>2436</b>

\*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/DAPs/Ex-Servicemen & EWS employees. Further Bank has nominated Executives in the rank of GMs as Chief Liaison Officer for SC/ST/Ex-Servicemen/DAPs and also for EWS, OBC employees respectively, who ensure compliance of various Govt. Guidelines pertaining to Reservations.

### **RECRUITMENT**

During the FY 2021-22 the Bank recruited 2840 persons in various cadres, out of which 436 belonged to Scheduled Castes (SCs) and 232 to Scheduled Tribes (STs), 1018 belonged to Other Back Ward (OBC), 305 EWS category, 98 ex-servicemen and 96 DAPs in various cadres and 1059 were women employees.

### **HR INITIATIVES**

- Performance Linked Incentive (PLI) for the FY 2021-22 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 Group Personal Accident Insurance Policy for employees under Staff Welfare Measures Scheme is in place and Insurance cover is available for Death & Temporary/Partial/Total disability.
- Introduced Video based life certificate submission facility for our ex-employee pensioners.
- Introduced online application for Pension and Commutation (for the Employees retiring on Superannuation/VRS).
- Pensioners receive Digital Pension Payment Order (PPO) instantly to their email address post processing /sanction of Regular pension.

### **SKILL DEVELOPMENT & TALENT MANAGEMENT**

Employees are the most valued assets and success lies in developing, retaining and transforming them to act as strategic business partners. Treating people as resources, rewarding them equitably and integrating their goals with that of the organization through suitable HR policies are the present mantras to "Organizational Excellence". Accordingly, the HR functions of the Bank are getting tuned in this direction and are moving ahead to do this new transformational role.

Bank has adopted the new 52/26-week induction training module as recommended by the CVC for the newly recruited POs & SWOs respectively.

In addition to this, mentoring concept is in place for the benefit of the newly recruited POs to help them to get acclimatized with Bank's culture, tradition and ethos. Apart from strengthening the employee skill sets in general banking, the key verticals have been identified for the purpose of developing talent.

Bank is imparting training in various functional areas to build and upgrade competencies. Through the 02 Centre of Excellence (CIBM Manipal & COE Gurugram) supported by 24 Regional L&D Centres, functional trainings are imparted to staff members in various cadres by drawing training calendars in consultation with Circle offices. For the year ended 2021-22, 2437 internal trainings, 293 external





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trainings were conducted where 60534 employees were imparted training in spite of Covid pandemic. A shift to online trainings was made.

Executive Development Programs (EDPs), Management Development Programs (MDPs) and Leadership Development Programs (LDPs) are provided to Executives upon their promotion at institutes of repute like IIMs, ASCI Hyderabad, MDI Gurgaon. In order to acclimatize them with their new roles and responsibilities. During FY 21-22 around 490 executives have attended EDP & MDP. 57 Executives have undergone the RBI mandated Certificate program in IT & Cyber Security at IDRBT.

In addition to this, the Bank is grooming its top leadership through the Banks Board Bureau's Flagship Leadership Development program.

Competency assessment & Individual development plans have been created for 470 Executives in Scale V/VI with a view to grooming future leaders.

Bank has also formulated a mid-career training policy in line with CVC recommendations to give refresher training to executives in Scale IV /V who have put in 14 - 21 years of service.

Bank has a e-Learning portal - "CanDLE" (Canara Digital Learning Experience) facilitating effective online learning for our employees for enhancing their knowledge and skills.

## 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 Customer Satisfaction" was conducted from 15.09.2021 to 27.09.2021 with 14 predefined questionnaires. A total of 7,917 customers participated in the survey.
- ✓ Bank's overall rating of services post amalgamation was rated as Average & above by 96% of customers and 4% customers rated overall services as Below Average.
- ✓ Under Digital products 84% of customers rated as Average & Above and 16% customers have rated as Below Average.
- ✓ 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 - 1800 425 0018, 1800 103 0018, 1800 208 3333 & 1800 3011 3333.
- ✓ The Non Toll free number for customers calling from abroad (Outside India) is +91 80 2206 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 at Bank's website [www.canarabank.com](http://www.canarabank.com) 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.



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- ✓ The predefined Turnaround 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 an SMS with web link is pushed to the customers to submit his/her feedback regarding resolution.
- ✓ Bank has introduced 'VCIP - Video Based Customer Identification Process' for submission of Life Certificate by 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 a partner in the PSB Alliance which has floated Door Step Banking Services (DSB). Door Step Banking is popularized in 100 identified centres pan India for the benefit of all the individual customers including Senior Citizens & Differently abled persons. Customers can book the major banking services by downloading the Mobile App, Website or Call Centres.
- ✓ Bank has complied with the New Integrated Ombudsman Scheme, 2021 introduced by RBI. A copy of the new scheme, salient features and the contact details of the Principal Nodal Officer are displayed in our corporate website [www.canarabank.com](http://www.canarabank.com) under the head Customer Service.

## 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.

Reserve Bank of India has introduced new Integrated Ombudsman Scheme 2021 with effect from 12.11.2021.

Ms. Manorama K N has taken over as Internal Ombudsman with effect from 25.02.2022 on expiry of the term of the earlier IO.

## INTERNAL CONTROL AND AUDIT

Risk based Internal Audits (RBIA) numbering **7368** were conducted along with Information System audit (IS Audit) across branches / service units as per the program for onsite RBIA for the FY 2021-22. Monthly Concurrent/continuous audits were conducted in branches / service units, of which **252** branches / service units were subjected to concurrent/continuous audit by Internal Auditors and **1237** branches / service units were subjected to concurrent audit by External Auditors, covering 70% of Advances and corresponding deposits of the total business of the Bank. **2824** branches were subjected to income/revenue audit on Quarterly basis.

- ✓ 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.
- ✓ New version of Darpan-V, 5.0 has been introduced during the FY 2021-22 and Concurrent Audit of RAH, ARM, MSME, CPH were incorporated in Audit Package.
- ✓ 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 and concurrent audit will be conducted until upgradation of Risk Rating.



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- ✓ Off Site Monitoring of the transactions carried out in 9734 branches were reviewed under 34 parameters during 2021-2022 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 2021-2022 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 alerts 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 MD & CEO, ED, CVC, Statutory Bodies and NPA accounts of ₹10 lakhs & above where irregularities / lapses are observed. During the year 2021-22, Inspection Wing has completed 253 Investigations and submitted the reports to the concerned authorities for logical conclusion.

## RISK BASED SUPERVISION

The Bank was brought under Risk Based Supervision (RBS) regime by RBI, in lieu of Annual Financial Inspection (AFI) from FY 2013-14. Presently, the Bank has completed the 8th 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

Our Bank is ensuring compliance of OL Implementation as per OL Act 1963, OL Rules 1976, recommendations of Parliamentary Committee on Official Language, Annual programme of OL Department, Min. of HA and also as per the guidelines issued by DFS, MoF, Gol. OL Implementation concerns teaching & training of Employees to learn and understand Hindi and use it in day to day banking activities. Bank deputed employees who have no working knowledge in Hindi for Prabodh, Praveen and Banking Pragya examinations conducted by HTS, New Delhi and also incentivize them on passing it. Incentives also provided to employees for passing Parangath examination for employees who aspires to obtain proficiency in Hindi. Bank provides incentives to motivate employees for obtaining Hindi Degrees like Graduation, PG, M.Phil. and PhD in Hindi Language along with reimbursement of exam fees and also for creative writing in Hindi for employees whose literary work is recognized by institutes of repute.

Bank has made available forms in Bilingual in Region 'A' and Trilingual in 'B' & 'C' regions at branch counters for the use of customers. OL Section HR wing provides translation for Hindi & English and vice versa to meet the requirements of all Wings in HO. OL cells established at COs & ROs are also providing the requisite translations in Hindi & English and vice versa.



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OLIC are constituted at all levels, where quarterly meetings are being conducted promptly and review of status of OL implementation is effectuated. A Hindi inter-translator system has been introduced in CBS through which pass book/pass sheets could be generated in Hindi, including generation of Deposit receipts and DDs. CBS Screens (in Hindi) have been created and a facility to generate reports in Hindi is now made available. Salary slips of employees could now be generated in Hindi with a provision for them to view the same via our Enterprise resource Planning portal -HRMS package. Provision has been made in ATM Screen to view the transactions in 8 Regional Languages. Standard greetings and messages to customers are being sent through SMS in Hindi & Regional Languages also. Customers can also now opt to receive SMS in their opted language. An online package has been made live (in SAS portal) for submission of QPR i.e., STR 18 by all branches and administrative offices. Hindi Workshops and Unicode training are organized for staff. Hindi workshop and conference for Official Language Officers are conducted annually to ensure effective implementation of Hindi.

Our Bank's Head Office is the convenor of TOLIC (Banks) meetings at Bengaluru. Our Bank is also the convener of 22 TOLICs at various cities/towns. Bank has secured numerous Shields and Certificates, pan India, awarded by various TOLIC committees for the best implementation of OL.

Our Bank has secured 1st Prize for our Hindi magazine "Canara Jyothi" under Rajbhasha Keerthi Puraskar for Hindi magazine in Region "C" awarded by OLD, Min of HA, Govt of India for the year 2020-2021. In order to accelerate OL implementation, Shields are awarded to Offices and Branches under 'Rajbhasha Akshay Yojana'. 'Rajbhasha Puraskar Yojana' has also been conceptualized and put in place to motivate the employees towards effective OL implementation. Banking related news in Hindi under the title "Aaj Ke Samachar" are included in Today's Tidings, a daily news brief. 'HRD (e)light's, 'NRI Bulletin' & 'Staff Meeting Literature' are being brought out in Hindi as well on a Monthly basis.

Regional Language Cells like Kannada cell, Tamil cell, Telugu cell, Marathi cell etc., are formed in Circle offices located in Region 'B' & 'C'. Regional Language Cell under OL Section, HR Wing has been formed as a Nodal Cell for coordinating the usage of Regional Languages. Bank has released a slogan "आज़ादी का मनाएं अमृत महोत्सव, राजभाषा का मनाएं नित्योत्सव" On 01.09.2021, during inaugural function of Hindi Month 2021. "Hindi Mein Paricharcha", an innovative Discussion programme in Hindi on contemporary banking subjects, was also conducted in all quarters at all Administrative Offices.

Bank has established a Hindi library at HO, COs & ROs for motivating employees to read books in Hindi. A Digital Library portal has also been initiated which constitutes books in Hindi and made available to all employees. Bank is committed for better OL implementation.

## 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 26<sup>th</sup> October 2021 to 1<sup>st</sup> November 2021 with the theme "Independent India @ 75 : Self-Reliance with Integrity" - "स्वतंत्र भारत @ 75 : सत्यनिष्ठा से आत्मनिर्भरता". 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





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Corruption. Online quiz and Essay Writing & Cartoon Drawing competitions were conducted for employees of the Bank.

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” 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 22<sup>nd</sup> 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 on Half-yearly basis as per the guidelines of RBI.

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## FINANCIAL SUPERMARKET

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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 overseas subsidiary, five associates and one joint venture. All the Domestic Subsidiaries/Associate/Joint Venture of the Bank recorded satisfactory performance during the year 2021-22. RBI has identified Canara Group as a bank led Financial Conglomerate and Canara Bank as the designated entity for the group.

### 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 2022 were ₹26711 crore. The Company earned a profit after tax of ₹471.11 crore as against ₹456.06 crore in the previous year, with y-o-y growth of 3.30%. Gross NPAs of the Company was ₹170.59 crore (0.64%) and Net NPA was ₹80.71 crore (0.30%) as on 31.03.2022. The Company has provided interim dividend of 75% and also proposed 75% final dividend for the year 2021-22.

### 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 Punjab National Bank 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 (23%). The Company recorded gross premium of ₹5824.10 crore during the year. The Company registered Profit after tax of ₹10.20 crore for FY 2021-22. The company also proposed 3% final dividend for the year 2021-22.

### CANARA ROBECO ASSET MANAGEMENT CO LIMITED (CRAMC):

M/s Canara Robeco Asset Management Company Limited is a joint venture (JV) with M/s Orix Corporation, Japan 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 (now Orix





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Corporation, Japan). The Company is currently managing 21 Mutual Fund Schemes with a mix of equity, balanced and debt schemes. The Company has registered a net profit of ₹59.53 crore and has also provided interim dividend of 20% and also proposed final dividend of 20% for FY 2021-22.

**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 Demat Services (Depository Participant), Online Trading, e-Insurance and distribution of Financial products. The Company offers stock broking services to both institutional and retail clients. The Company has registered a profit after tax of ₹18.03 crore and has provided interim dividend of 22.22% (Rs. 8.88 Cr.) for the year 2021-22.

**CANBANK FACTORS LIMITED (CFL):**

M/s Canbank Factors Limited is a factoring Subsidiary of the Bank with 70% stake held by the Bank. During 2021-22, the Company had a total business turnover of ₹2512.82 crore registering a growth of 70.94% as compared to Previous Year. The company has suffered a loss of ₹ 7.06 crore during the year due to provisions made towards NPA accounts.

**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 ₹383.56 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 ₹1.11 crore during the year 2021-2022 and has provided interim dividend of 2000%.

Restricted

**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 ₹4.96crore for FY 2021-22. The company has also provided interim dividend of 75%.

**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 ₹17.55 crore for the year 2021-22by way of receipt of dividends and amount pertaining to pending litigations.

**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. Company has posted a profit of ₹0.44 crore for FY 2021-22 and has provided interim dividend of ₹11 crore (4400%) during the FY. As the Company is not undertaking any activity, Company is under the process of voluntary liquidation as approved by the Board of the Bank.

**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 Education (MoE), 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. As on 31.03.2022, MoE has infused



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Capital of ₹4812.50 crore and Canara Bank has contributed ₹481.25 crore respectively. The total loans sanctioned as on 31.03.2022 is ₹33486.37 crore and disbursed is ₹13935.37 crore. HEFA has disbursed ₹2627 crore of loans to different institutions during FY 2021-22 and Bank has received ₹26.27 crore of Management Fee.

**REGIONAL RURAL BANKS (RRBs)**

As at March 2022, 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 2022 is ₹39,257 Crores. (Deposits: ₹19,128 Crores Advances: ₹20,129 Crores).

Kerala Gramin Bank (KeGB) operates in all 14 districts of Kerala with 634 branches & 269 ATMs. The total business of the Bank as at March 2022 is ₹41,113 Crores. (Deposits: ₹21,834 Crores, Advances: ₹19,279 Crores).

Karnataka Gramin Bank (KaGB) operates in 22 districts of Karnataka with 1119 branches & 159 ATMs. The total business of the Bank as at March 2022 is ₹57,210 Crores. (Deposits: ₹31,788 Crores, Advances: ₹25,4220 Crores).

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 2022 is ₹30,748 Crores. (Deposits: ₹17,647 Crores, Advances: ₹13,101 Crores).

Aggregate business of the RRBs increased to ₹1,68,328 Crore as at March 2022 comprising of Deposits of ₹90,397 Crores and Advances of ₹77,931 Crore. Through the Bank's infrastructure support, the RRBs are extending facilities, like, ATM cum Debit Card services. 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, renovation 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 74 training institutes, which have trained more than 11.34 lakh unemployed youth so far, with a settlement rate of 74%.
- ✓ 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.
- ✓ Canara Vidya Jyothi Scholarship scheme to meritorious SC/ST Girl Students. During FY 2021-22, 8200 students have been benefitted utilizing a total amount of ₹3.09 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 by distribution of Masks, sanitizers and other sanitation material.



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- ✓ Providing of Food packets, groceries, Medical Kits, Distribution of Blankets Ambulance van, Hearse Van are among the few activities that were being organized.
- ✓ Under CSR the Circles have also organized various activities as mentioned above.
- ✓ Bank has assisted differently abled persons by providing Wheel Chairs, Standing frames, Corner Chairs and also supported differently abled athletes. Families of COVID-19 victims were identified and they were provided with financial assistance.
- ✓ As part of Environmental Protection bank has supported various organizations for planting of tree saplings, renovation of public ponds for protection of flora and fauna etc.
- ✓ During the FY 2021-22, under the Sustainable & Development Corporate Social Responsibility (SD&CSR) initiatives of the Bank, the Bank has spent to the tune of ₹ 50.96 Crores 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 Standing Committee**

During the year 2021-22, Standing Committee on Reservations, Committee on Social Justice and Empowerment and National Commission for Scheduled Castes conducted Study Visits and reviewed our Bank's performance.

**AWARDS/ACCOLADES & ACHIEVEMENTS:**

- ✓ Canara Bank has received APY annual award 2021-22 from PFRDA.
- ✓ Canara Bank has been awarded 2<sup>nd</sup> position under implementation of Prime Minister Employment Generation Programme (PMEGP) for FY 2020-21 by KVIC, Ministry of MSME.
- ✓ Canara Bank has received Runner-up award in IBA's 17th Annual Banking Technology Conference and Awards 2020-21 "Next Gen Banking" under the category "The Best Payment Initiatives".
- ✓ Canara Bank has been awarded " BEST MSME BANK OF THE YEAR (PSU)- RUNNER UP" at 8th MSME EXCELLENCE AWARDS BY ASSOCHAM.
- ✓ Canara Bank has been awarded DSCI Excellence Awards 2021 as Winner in Best Security practices in Banking Sector.
- ✓ Canara Bank has been awarded DSCI Excellence Awards 2021 as Winner in Security Leader of the year (BFSI).
- ✓ Canara Bank has been awarded DSCI Excellence Awards 2021 as Finalist in Best Security Operations Centre of the year.
- ✓ Canara Bank won Best in House Magazine by Feather Business Solutions with Economic Times as media Partner for in-house Magazine "Shreyas".
- ✓ Canara Bank received first prize for "Rajbhasha Kirti Award 2020-21" in September 2021 for in-house Magazine "Canara Jyothi".

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

Sl No.	Name Designation	Designation	Date of Appointment	Date of Cessation
1.	Shri Brij Mohan Sharma	Executive Director	19.05.2021	30.06.2023
2.	Ms Nalini Padmanabhan	Part-time Non-Official Director	21.12.2021	20.12.2024
3.	Shri Dibakar Prasad Harichandan	Part-time Non-Official Director	21.03.2022	20.03.2025
4.	Shri Karunakara Shetty	Shareholder Director	30.11.2021	29.11.2024

**Board of Directors**

(Appointment/Cessation of Directors during the year 2021-22)



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**Appointments:**

**Shri Brij Mohan Sharma** was appointed as Executive Director w.e.f. 19.05.2021, by the Central Government u/s 9 (3) (a) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 up to the date of his attaining the age of superannuation (i.e.30.06.2023), or until further orders, whichever is earlier.

**Ms Nalini Padmanabhan** was appointed as Part-time Non-Official Director w.e.f 21.12.2021, Clause (h) of Sub-Section (3) and Sub section (3A) of Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 for a period of three years from the date of notification, or until further orders, whichever is earlier.

**Shri Dibakar Prasad Harichandan** was appointed as Part-time Non-Official Director w.e.f 21.03.2022, Clause (h) of Sub-Section (3) and Sub section (3A) of Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 for a period of three years from the date of notification, or until further orders, whichever is earlier.

**Shri Karunakara Shetty** was elected as Share Holder Director w.e.f 30.11.2021, under clause (i) of Sub Section (3) of Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, read with Sub clause (1) of Clause 3 of the Nationalised Banks (Management Miscellaneous Provisions) Scheme 1970/1980, Canara Bank (Shares and Meetings) Regulations, 2000 for a period of three years.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors, in preparation of the annual accounts for the year ended March 31, 2022, 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 2021-22**

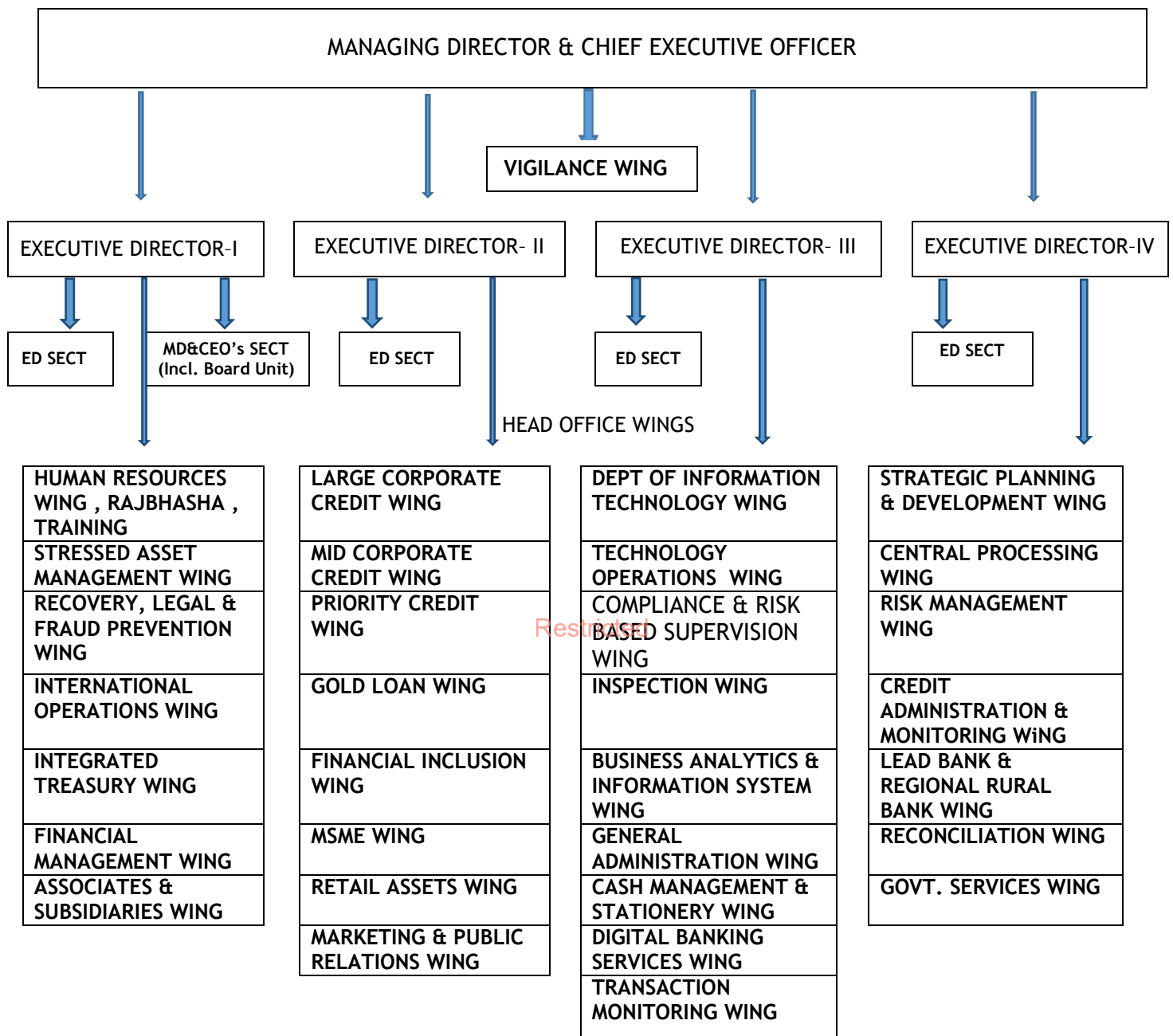
Pursuant to the requirements of Regulation 24A of the SEBI (LODR) Regulations, 2015 & SEBI Circular CIR/CFD/CMD1/27/2019 dated February 08, 2019, the Bank has appointed Mr. S. VISWANATHAN, Practicing Company Secretary (CP No. 5284) as the Secretarial Auditor for 2021-22 and their report addressed to the members of the Bank which forms part of this Annual Report is attached as an annexure to the Board's report.



PLACEMENT MEMORANDUM  
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iii. Corporate Structure:  
 Organizational chart-

HEAD OFFICE ORGANISATIONAL STRUCTURE



CIRCLE OFFICES

BENGALURU	AHMEDABAD	AGRA	BHUBANESWAR
BHOPAL	CHANDIGARH	LUCKNOW	HUBBALLI
JAIPUR	DELHI	CHENNAI	HYDERABAD
MUMBAI	GUWAHATI	MADURAI	KOLKATA
PUNE	KARNAL	MANIPAL	MANGALURU
VIJAYAWADA	PATNA	TRIVANDRUM	RANCHI





#### 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 favourable 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 instalments 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.

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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***

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 favourable 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.



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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 Govt 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 favourable 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 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.



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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.

***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 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.

***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 fulfil 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 behaviour. 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

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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.

***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 favourable 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 Audited Financial Results for FY 2021-2022.

#### **RISK RELATING TO THE BONDS**

##### ***Risk factors pertaining to the Issue:***

The Bonds are essentially non-equity regulatory instruments, forming part of Bank's capital, governed by Basel III Guidelines and SEBI Regulations. These Bonds have certain unique features which, inter-alia, grant the Issuer (in consultation with RBI) a discretion in terms of writing down the principal /

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interest, to skip Coupon payments, to make an early recall etc. Without commensurate right for investors to legal recourse, even if such actions of the issuer might result in potential loss to investors.

Payment of Coupon on the Bonds is subject to the terms of Placement Memorandum, including clauses on Coupon Discretion, Dividend Stopper, Loss Absorption Features, Loss Absorption at Pre-Specified Trigger Level and Write Down on PONV of the Summary Term Sheet as contained in the Placement Memorandum. The Bonds are subject to loss absorption features as more particularly described in Summary Term Sheet herein and required of Additional Tier 1 instruments at PONV as provided for in Annex 16 of the Basel III Guidelines.

Any default in compliance with the material covenants under the outstanding debt instruments or deposits or borrowings (such as default in payment of interest, default in redemption or repayment, default in payment of penal interest) may have a negative impact on the repayment capability of the Bank and / or performance of the Bank's material obligations under the Transaction Documents (as used in the Summary Term Sheet)

***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 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 6.125% of risk weighted assets ("RWA") is 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 down can be written up (partially or full) at the absolute discretion of the Bank and subject to compliance with extant regulations. 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.

When a paid-up instrument is fully and permanently written-down, it ceases to exist resulting in extinguishment of a liability of a bank (a non-common equity instrument) and creates CET1. A temporary write-down is different from a conversion and a permanent write-down i.e., the original instrument may not be fully extinguished. Generally, the par value of the instrument is written-down (decrease) on the occurrence of the trigger event and which may be written-up (increase) back to its original value in future depending upon the conditions prescribed in the terms and conditions of the instrument.

In addition to the above, the Bonds can be permanently written off 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-off, 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-off. 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.

The Bonds can be written off in case the Bank hits the PONV Trigger. The Bonds which have been written off (full and permanent write-off) shall not be written up.

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 behaviour in respect of these Bonds may not follow the trading behaviour 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.***



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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.

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***





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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.

***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.

***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.

***REFUSAL OF LISTING OF ANY SECURITY OF THE ISSUER DURING LAST THREE YEARS BY ANY OF THE STOCK EXCHANGES IN INDIA OR ABROAD***

NIL

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**IN CASE OF OUTSTANDING DEBT INSTRUMENTS OR DEPOSITS OR BORROWINGS, ANY DEFAULT IN COMPLIANCE WITH THE MATERIAL COVENANTS SUCH AS CREATION OF SECURITY AS PER TERMS AGREED, DEFAULT IN PAYMENT OF INTEREST, DEFAULT IN REDEMPTION OR REPAYMENT, NONCREATION OF DEBENTURE REDEMPTION RESERVE, DEFAULT IN PAYMENT OF PENAL INTEREST WHEREVER APPLICABLE.**

NIL

v. Key Operational and Financial Parameters in columnar format for the last three audited years is mentioned herebelow.

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

**a. Standalone**

(Rs in crores)

Parameters	FY 2020	FY 2021	FY2022
Net Worth	28968.60	39814.26	48692.46
Total Debt : of which	668112.94	1060858.14	1132694.21
Non-Current Maturities of Long Term Borrowings	20096.06	35049.50	34265.36
Short Term Borrowing	20045.71	12004.06	11435.42
Current Maturities of Long Term Borrowings	2620.00	2930.00	1950.00
Net Fixed Assets	8276.29	11206.53	11356.30
Non Current Assets	423814.92	713166.86	755657.07
Cash and Cash Equivalents	68271.47	178408.04	182054.31
Current Investments	36575.85	31121.87	28101.76
Current Assets	300059.83	440508.18	471322.61
Current Liabilities	299966.95	470543.28	4,38,131.31
Assets Under Management	NA	NA	NA
Off Balance Sheet Assets	NIL	NA	NA
Interest Income	48934.99	69239.79	69410.24
Interest Expense	35811.08	45177.62	43026.26
Provisioning & Write-offs	11595.54	17451.69	17410.56
PAT	(2235.72)	2557.58	5678.41
Gross NPA (%)	8.21	8.93	7.51
Net NPA (%)	4.22	3.82	2.65%
Tier 1 Capital Adequacy Ratio (%)	10.12%	10.08%	11.91%
Tier 2 Capital Adequacy Ratio (%)	3.53%	3.10%	2.99%

**b. Consolidated**

(Rs in crores)

Parameters	FY 2020	FY 2021	FY2022
Net Worth	30887.97	43344.83	52552.11
Total Debt : of which	668170.09	1060997.82	1132625.91
Non-Current Maturities of Long Term Borrowings	20096.06	35049.50	34265.36
Short Term Borrowing	20045.71	12033.30	11435.42
Current Maturities of Long Term Borrowings	2620.00	2930.00	1950.00
Net Fixed Assets	8323.35	11271.17	11449.70
Non Current Assets	440904.64	735980.3	780361.11
Cash and Cash Equivalents	68589.82	178866.38	182391.42
Current Investments	36575.85	33645.52	33645.52
Current Assets	300535.63	443559.57	477302.42
Current Liabilities	300055.29	470667.80	4,38,028.71
Assets Under Management	NA	NA	NA

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Parameters	FY 2020	FY 2021	FY2022
Off Balance Sheet Assets	NIL	NA	NA
Interest Income	49758.75	70253.27	70613.78
Interest Expense	35817.19	45182.50	43035.47
Provisioning & Write-offs	11696.51	17170.07	17502.62
PAT	(1986.43)	2890.60	6124.82
Gross NPA (%)	8.24%	8.94%	7.51%
Net NPA (%)	4.23%	3.82%	2.65%
Tier 1 Capital Adequacy Ratio (%)	10.21%	10.18%	11.99%
Tier 2 Capital Adequacy Ratio (%)	3.51%	3.09%	2.98%

**c. Gross Debt Equity Ratio of the Issuer**

(Rs in crores)

Particulars	Pre-Issue (as on March 31, 2022)	Post Issue of Bonds of Rs 2,000.00 Crores
TOTAL LONG TERM DEBT *		
Total Long Term Debt	26686.10	28686.10
SHAREHOLDERS' FUNDS **		
Share Capital	1814.13	1814.13
Reserve & Surplus (excluding FCT Revaluation Reserve)	55831.81	55831.81
Net Worth	48692.46	48692.46
GROSS DEBT/ EQUITY RATIO	0.55%	0.59%

\* 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. **Restricted**

**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 31.03.2022 is as follows:

Sr. No.	Particulars	Rs in crore
1	Claims against the bank not acknowledged as debts	32225.30
2	Liability for partly paid investments	0.44
3	Guarantees given on behalf of constituents - a) in India b) Outside India	43718.07 143.87
4	Liability on account of outstanding forward exchange contracts & currency options	269478.03
5	Acceptances, endorsements and other obligations	24842.43
6	Other items for which the bank is contingently liable/capital commitments	4729.86
	<b>TOTAL</b>	<b>375138</b>



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The details of contingent liabilities of the issuer on a consolidated basis as on 31.03.2022 is as follows:

Sr. No.	Nature of Liability	Rs in Crore
1	Claims against the bank not acknowledged as debts	32276.27
2	Liability for partly paid investments/ Venture Funds	0.44
3	Liability on account of outstanding forward exchange contracts	269478.53
4	Guarantees given on behalf of constituents	43885.49
	(a) In India	43722.62
	(b) Outside India	162.87
5	Acceptances, endorsements and other obligations	24842.43
6	Other items for which the bank is contingently liable Bill of Exchange Rediscounted	4896.92
	<b>TOTAL</b>	<b>375380.08</b>

**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**

Sl No	NAME OF THE COMPANY	CIN NUMBER	LEI NUMBER	Nature of Relationship
1	Canbank Computer Services Ltd	U85110KA1994PLC016174	335800SVKS73UTWPK743	Subsidiary
2	Canbank Venture Capital Fund Ltd	U85110KA1995PLC017248	NA	Subsidiary
3	Canbank Securities Ltd	U67120MH1996GOI097783	9845002C638CD83FC657	Subsidiary
4	Canfin Homes Ltd	L85110KA1987PLC008699	335800EJ9Y3XDP5ZDH81	Associate
5	Canara Hsbc Life Insurance Company Ltd	U66010DL2007PLC248825	213800FTUDKX8V8DYP74	Subsidiary
6	Canara Robeco Asset Management Co Ltd	U65990MH1993PLC071003	335800MMCMT4ZYJMM121	Subsidiary
7	Canbank Factors Ltd	U85110KA1991PLC011960	335800BZ6I2IATJA2J81	Subsidiary
8	Canbank Financial Services Ltd	U85110KA1987PLC008381	NA	Subsidiary
9	Higher Education Financing Agency	U74999KA2017NPL103474	984500DB0605E5D5B063	Joint Venture
10	Syndbank Services Ltd	U72300KA2006PLC038305	NA	Subsidiary

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**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 9734 branches as at 31.03.2022, 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 March 31, 2022**

(Rs in crores)

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		
	1,81,41,30,252 Equity Shares of Rs.10/- each fully paid up		1814.13
c.	Paid-up Equity Share Capital		
	1,81,41,30,252 Equity Shares of Rs.10/- each fully paid up	1814.13	
	Add: Amount of Equity Shares forfeited	--	
	Total Paid-up Equity Share Capital		1814.13
2.	SHARE PREMIUM ACCOUNT		

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	Date of AGM - 10.08.2020 Allotment was made on : 11.12.2020

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Particulars of change	Amount (Rs. in crore)	Date of change (AGM/ EGM)
	Equity Shares of Rs 10/- each through QIP Mode at an Issue price of Rs.103.50)	
QIP Mode - During the month of August 2021	167.39 (Issued and allotted 16,73,92,032 Equity Shares of Rs 10/- each through QIP Mode at an Issue price of Rs.149.35)	Date of AGM - 03.08.2021 Allotment was made on : 24.08.2021

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

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)
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	Preferential Allotment to LIC of	51,51,96,971	515.20	4753.33

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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)
					India / Schemes of LIC	India / Schemes of LIC			
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
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	42,32,68,155	10	NA	On account of	Approved Swap	1,45,35,01,506	1453.50	-

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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)
	(2020-2021)				amalgamation of Syndicate Bank into Canara Bank w.e.f. 01/04/2020	Ratio - 158 shares each of Canara Bank for every 1000 shares of Syndicate Bank			
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
14	24.08.2021 (2021-2022)	16,73,92,032	10	149.35	Qualified Institutional Placement (QIP)	Allotment to QIBs	1,81,41,30,252	1814.13	22441.93

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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 (01.01.2021 to 31.05.2022)**

Type of Event	Date of Announcement	Date of Completion	Details
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, by carving out the functions from General Administration 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.
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.
			As per directions of ORMC Credit Card Recovery Cell was formed under DBS Wing w.e.f July 2021
Reorganization (addition/modification/updation of functions) of RM Wing to suit to the present Banking Scenario.	11.08.2021	11.08.2021	MD&CEO, vide orders dated 11.08.2021, had permitted reorganization (addition/modification/updation of functions) of RM Wing to suit to the present Banking Scenario.
Reorganization of MIS Wing (reallocation of functions)	11.08.2021	11.08.2021	MD&CEO, vide orders dated 11.08.2021, had permitted

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amongst the sections of the Wing)			reorganization of MIS Wing (reallocation of functions amongst the sections of the Wing)
Formation of Regional language Cell under OL Section to monitor Regional Language cell under HRM Sections at COs	07.12.2021	07.12.2021	MD&CEO, vide orders dated 07.12.2021, had permitted Formation of Regional language Cell under OL Section to monitor Regional Language cell under HRM Sections at COs
Merger of FCR Back office group with Deposits Group under TO Wing	07.12.2021	07.12.2021	MD&CEO, vide orders dated 07.12.2021, had permitted Merger of FCR Back office group with Deposits Group under TO Wing
To add the function of Monitoring the position of missing EMTS in branches to CAM Wing	16.12.2021	16.12.2021	MD&CEO, vide orders dated 16.12.2021, had permitted to add the function of Monitoring the position of missing EMTS in branches to CAM Wing
To form Digital Lending Cell under Digital Banking Services Wing	15.02.2022	15.02.2022	MD&CEO, vide orders dated 15.02.2022, had permitted to form Digital Lending Cell under Digital Banking Services Wing
To form Research & Development (R&D) Section under SP&D Wing, HO by revamping the existing Business Processing Re-engineering (BPR) Section	17.03.2022	17.03.2022	MD&CEO, vide orders dated 17.03.2022, had permitted to form Research & Development (R&D) Section under SP&D Wing, HO by revamping the existing Business Processing Re-engineering (BPR) Section
Formation of separate Transaction Monitoring & Fraud Risk Management Wing, HO by carving out functions related to Anti Money Laundering/Combating Financing of Terrorism (AML/CFT), Early Warning Signals (EWS), Offsite Transactions Monitoring (OTM) and Enterprise Fraud Risk Management - Online Monitoring (EFRM-OM) from their parent Wings.	22.02.2022	22.02.2022	MD&CEO, vide orders dated 22.02.2022, had permitted formation of separate Transaction Monitoring & Fraud Risk Management Wing, HO by carving out functions related to Anti Money Laundering/Combating Financing of Terrorism (AML/CFT), Early Warning Signals (EWS), Offsite Transactions Monitoring (OTM) and Enterprise Fraud Risk Management - Online Monitoring (EFRM-OM) from their parent Wings.
To update the function of RBS & Compliance Wing in tune with the RBI circular & EASE 4.0 guidelines.	25.03.2022	25.03.2022	MD&CEO, vide orders dated 25.03.2022, had permitted to update the function of RBS & Compliance Wing in tune with the RBI circular & EASE 4.0 guidelines.
To update the function of FM Wing in tune with their present functionality.	21.04.2022	21.04.2022	MD&CEO, vide orders dated 21.04.2022, had permitted to update the function of FM Wing in tune with their present functionality.
To Rename MIS Wing as Business Analytics & Information System	21.04.2022	21.04.2022	MD&CEO, vide orders dated 21.04.2022, had permitted to



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(BA&IS) Wing.			Rename MIS Wing as Business Analytics & Information System (BA&IS) Wing.
Formation Govt. Services Wing by carving relevant functions from GA Wing, MPR Wing & PC wing along with Govt. Services Branch Delhi, Govt. Link Cell Nagpur	25.04.2022	25.04.2022	MD&CEO, vide orders dated 25.04.2022, had permitted formation Govt. Services Wing by carving relevant functions from GA Wing, MPR Wing & PC wing along with Govt. Services Branch Delhi, Govt. Link Cell Nagpur
To Rename RBS & Compliance Wing as Compliance & RBS Wing	05.05.2022	05.05.2022	MD&CEO, vide orders dated 25.04.2022, had permitted to Rename RBS & Compliance Wing as Compliance & RBS Wing
Permitted closure of Corporate Communication & investors relation Section under SP&D Wing and map the relevant function to Economic research Section SP&D Wing, Secretarial Department Compliance & RBS wing, BS&CA Section FM Wing.	30.05.2022	30.05.2022	MD&CEO, vide orders dated 30.05.2022, permitted closure of Corporate Communication & investors relation Section under SP&D Wing and map the relevant function to Economic research Section SP&D Wing, Secretarial Department Compliance & RBS wing, BS&CA Section FM Wing.

**D. Details of shareholding of the Bank as on the latest quarter end 31.03.2022.**

**i. Shareholding pattern of the Bank as on March 31, 2022**

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	62.93
2	INSURANCE COMPANIES	6	164026300	9.04
3	MUTUAL FUNDS	24	58407547	3.22
4	FOREIGN PORTFOLIO - CORP	193	153839797	8.48
5	RESIDENT INDIVIDUALS	585281	176374755	9.72
6	EMPLOYEES	41587	16366236	0.90
7	QUALIFIED INSTITUTIONAL BUYER	11	19628868	1.08
8	BODIES CORPORATES	1651	31445800	1.73
9	BANKS	19	4994351	0.28
10	TRUSTS	25	541362	0.03



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Sr. No.	Particulars	Total No. of Equity Shareholders	No. of Equity Shares	Total Shareholding as % of total no of equity shares
11	CLEARING MEMBERS	137	1811494	0.10
12	NON RESIDENT INDIANS	3360	20588369	1.13
13	H U F	4859	3335771	0.18
14	NON RESIDENT INDIAN NON REPATRIABLE	1967	1141116	0.06
15	NBFC	8	424371	0.02
16	ALTERNATIVE INVESTMENT FUND	7	19494437	1.07
	<b>TOTAL</b>	<b>639136</b>	<b>1814130252</b>	<b>100.00</b>

**ii. List of top 10 holders of equity shares of the Bank as on March 31, 2022**

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	62.9343
2.	LIFE INSURANCE CORPORATION OF INDIA	16,02,67,464	16,02,67,464	8.8344
3.	JHUNJHUNWALA RAKESH RADHESHYAM	3,55,97,400	3,55,97,400	1.9622
4.	SMALLCAP WORLD FUND, INC	2,69,73,076	2,69,73,076	1.4868
5.	BNP PARIBAS ARBITRAGE - ODI	2,01,49,973	2,01,49,973	1.1107
6.	VISHAL GUPTA	1,80,00,000	1,80,00,000	0.9922
7.	NEW WORLD FUND, INC	1,73,91,076	1,73,91,076	0.9586
8.	VOLRADO VENTURE PARTNERS FUND II	1,60,78,370	1,60,78,370	0.8863
9.	JHUNJHUNWALA REKHA RAKESH	1,35,00,200	1,35,00,200	0.7442
10.	KOTAK BALANCED ADVANTAGE FUND	1,13,87,736	1,13,87,736	0.6277



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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
<b>Total</b>		<b>1,46,10,54,973</b>	<b>1,46,10,54,973</b>	<b>80.5374</b>

**E. Details regarding the Directors of the Bank:**

**i. Details of Current Directors of the Bank as on 30.06.2022:**

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. 4.Indian Institute of Banking and Finance
2	Shri Debashish Mukherjee Executive Director DIN: 08193978	56	Canara Bank, Head Office 112,J.C.Road Bengaluru - 560 002	19.02.2018	1.CanFin 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 7. Canara bank Tanzania
3	Shri K Satyanarayana Raju DIN 08607009	55	Canara Bank, Head Office 112,J.C.Road Bengaluru -560 002	10.03.2021	NIL
4	Shri Brij Mohan Sharma	58	Canara Bank, Head Office 112,J.C.Road Bengaluru -560 002	19.05.2021	NIL
5	Shri Suchindra Misra Govt Nominee Director DIN: 01873568	53	Joint Secretary Dept of Financial Services, Ministry of Finance, Govt of India, New Delhi	14.06.2016	Nil



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6	Shri R Kesavan RBI Nominee Director DIN	52	Regional Director (West Bengal and Sikkim), RBI Kolkata	26.04.2019	Nil
7	Ms Nalini Padmanabhan Part-time Non- Official Director DIN 01565909	57	No.5, Sreshta Sastha Apartments, 37 Sir Madhavan Nair Road, Nungambakam Chennai - 600034	21.12.2021	1. Prerana Educational Media Private Limited. 2. Information Systems Audit and Solutions Private Limited. 3. Indradhanush Gas Grid Limited 4. Mangalore SEZ Limited
8	Shri Dibakar Prasad Harichandan Part-time Non- Official Director DIN 02533662	51	Plot No 5 Gopabandhu Lane Niladri Vihar, PO Sailashree Vihar, PS Chandrasekharapur, Bhubaneswar Dist Khurdha, Odisha - 751021	21.03.2022	Nil
9	Shri Venkatachalam Ramakrishna Iyer DIN 02194830	67	Flat No.304, Sumeet Enclave, Plot No.103, B1, SantDnyaneshwar 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 (Non-Executive Director/Independent Director)
10	Shri. Bimal Prasad Sharma Shareholder Director DIN 06370282	65	47/A, Pristine Green, Pokhariput, Bhubaneswar- 751020	27.07.2019	NIL
11	Shri Karunakara Shetty Shareholder Director DIN	52	Flat no 103, R V Apartment, West of chord road No -81, LIC Colony , Bangalore North, Bangalore 560079	30.11.2021	Nil

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**ii. Details of change in directors in the last three years (01.01.2019 to 31.05.2022)**

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 Suchindra Misra DIN: 01873568	GOI Nominee Director	14.06.2016		Not Applicable	Until further orders
3	Shri Krishnamurthy H DIN 05329716	Shareholder Director	27.07.2016	26.07.2019	Not Applicable	Nil
4	Shri Venkatachalam Ramakrishna Iyer DIN 02194830	Shareholder Director	27.07.2016	26.07.2022	Not Applicable	Re-elected from 27.07.2019 to 26.07.2022
5	Smt. P.V. Bharathi DIN 06519925	Executive Director	15.09.2016	31.01.2019	Not Applicable	Elevated as MD & CEO of Corporation Bank
6	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
7	Shri Debashish Mukherjee DIN:	Executive Director	19.02.2018	18.02.2023	Not Applicable	Extended for 2 years from current term ended on 18.02.2021.
8	Ms A Manimekhalai DIN 08411575	Executive Director	11.02.2019	10.02.2024	Not Applicable	Elevated as MD & CEO of Union Bank of India
9	Shri R A Sankara Narayanan DIN 05230407	Managing Director & CEO	15.04.2019	31.01.2020	Not Applicable	Superannuation
10	Smt. Uma Shankar	RBI Nominee Director	23.02.2015	26.04.2019	Not Applicable	NIL
11	Shri R Kesavan	RBI Nominee Director	26.04.2019		Not Applicable	Until further orders
12	Shri. Bimal Prasad Sharma	Shareholder Director	27.07.2019		Not Applicable	Tenure on the Board ending on 26.07.2022
13	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

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Sl. No	Name	Designation	Date of Appointment	Date of Cessation	Director of the Company Since (in case of resignation)	Remarks
14	Shri L V Prabhakar	Managing Director & CEO	01.02.2020		Not Applicable	Tenure on the Board till superannuation i.e. 31.12.2022
15	Shri Krishnan S	Executive Director	01.04.2020	03.09.2020	Not Applicable	Elevated as MD & CEO of Punjab and Sind bank
16	Shri K Satyanarayana Raju	Executive Director	10.03.2021		Not Applicable	Tenure on the Board ending on 09.03.2024
17	Shri Brij Mohan Sharma	Executive Director	19.05.2021		Not Applicable	Tenure on the Board till superannuation i.e. 30.06.2023
18	Shri Karunakara Shetty	Shareholder Director	30.11.2021		Not Applicable	Tenure on the Board ending on 29.11.2024
19	Ms Nalini Padmanabhan	Part-time Non-Official Director	21.12.2021		Not Applicable	Tenure on the Board ending on 20.12.2024
20	Shri Dibakar Prasad Harichandan	Part-time Non-Official Director	21.03.2022		Not Applicable	Tenure on the Board ending on 20.03.2025

**F. Details regarding the Auditors of the Issuer**

**i. Details of the Statutory auditors of the Issuer**

SL NO	Name of the Audit firm	FRN	Category	Name of the Senior Partners	Year of Establishment	Office Tel. No/Email	Auditor Since
1	M/S N K BHARGAVA & CO NEW DELHI C-31, 1st Floor Acharya Niketen Phase-1, Mayur Vihar, New Delhi-110091	000429N	I	Sri Narendra Kumar Bhargava Sri K K Bhargava Sri R K Gupta	24.07.1978	P:011-45784938 E: delhi@nkbco.in	Dec'20
2	M/S RAO & EMMAR BENGALURU No 204 and 205, 2nd Floor, "	003084S	I	Sri Praveen B J Sri Subhash S B Sri Umashanker	05.09.1977	P:0-8050078815 E: Info@raoemmar.com	Dec'20



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	Ramanshree Arcade" Near Trinity Circle, MG Road, Bengaluru, Karnataka-560001						
3	M/S P A & ASSOCIATES 12 Govinda Vihar Bamikhal Bhubaneswar-751010	313085E	I	S. S. Poddar P.S. Panda D.K.Agrawalla	15.10.1980	P:067-42571065 E: prashanthpanda55@gmail.com	Sept'21
4	M/S ARUN AGARWAL & ASSOCIATES 105, First Floor, South Ex. Plaza I 389A, Masjid Moth Moth South Extension Part II New Delhi-110049	003917N	I	Arun Kumar Agarwal Rajesh Surolia Vimal Kumar Jain	18.07.1983	P:011-26251200 E: arun1960@gmail.com	Sept'21
5	M/S SARATH & ASSOCIATES 8-2-577/B, 4th Floor Maas Heights Road No 8 Banjara Hills Hyderabad-500034	005120S	I	Sri Sarath Kumar P Sri Srinivas Sri Rao Lakshmi R	01.04.1990	P:040-23354322 E:sarat9@gmail.com	Sept'21

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**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



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S. No.	Name	Address	Date of Appointment	Date of Cessation	Auditor of the Issuer since	Remarks
3.	M/s D K Chhajjer & Co	Nihat House, Ground Floor, 11 R N Mukherjee Road, Kolkata- 700 001	15.12.2018	June 2021	December 2018	Nil
4.	M/s S N K & Co	SNK House, 31-A, Adarsh Society, Athwalines, Surat - 395 001	15.12.2018	June 2021	December 2018	Nil

**G. Details of Borrowings of the Bank as on 31.03.2022**

**i. Details of secured loan facilities as on 31.03.2022**

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

**ii. Details of unsecured loan facilities / deposit as on March 31, 2022**

Lender's Name	Type of Facility	Amount Sanctioned (Rs. In crore)	Principal Amount Outstanding as on 31.03.2021 (Rs. In crore)	Principal Amount Outstanding as on 31.03.2022 (Rs. In crore)	Repayment Date/Schedule
From Banks	Demand Deposits	Not Applicable	533.79	424.76	On Demand
	Term Deposits	Not Applicable	49529.85	58771.81	On Maturity
From Others	Demand Deposits	Not Applicable	48839.58	52493.77	On Demand
	Term Deposits	Not Applicable	630442.99	658802.44	On Maturity
Depositors	Saving Banks Deposits	Not Applicable	281528.37	315916.47	On Demand
Reserve Bank of India	Borrowings	Not Applicable	2408.00	850.00	On Demand
Others	Borrowings	Not Applicable	8090.36	9019.77	On Demand
*Other Institutions & Agencies	Borrowings	Not Applicable	16369.10	9729.08	On Demand
Outside India	Borrowings	Not Applicable	-	-	-
Banks/ Institutions	Bills Payable#	Not Applicable	2067.24	2366.29	-
Various Bondholders	BASEL III TIER II - INE476A09249	1500.00	1500.00	1500.00	03-Jan-24
Various Bondholders	BASEL III TIER II SER II - INE476A09256	1000.00	1000.00	1000.00	27-Mar-24





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Various Bondholders	BASEL III TIER II Bonds - INE476A09264	1500.00	1500.00	1500.00	31-Dec-25
Various Bondholders	BASEL III TIER II Bonds 2015-16(Series II) INE476A08043	900.00	900.00	900.00	07-Jan-26
Various Bondholders	BASEL III TIER II Bonds 2016-17 INE476A08050	3000.00	3000.00	3000.00	27-Apr-26
Various Bondholders	BASEL III TIER II Bonds 2019-20 INE476A08076	3000.00	3000.00	3000.00	11-Mar-30 & Call option 11-Mar-2025
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1 INE476A08035	1500.00	1500.00	1500.00	Perpetual/ Call option - 05-Mar-2025
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1 INE476A08126	1500.00	1500.00	1500.00	Perpetual/ Call option - 25-Oct-2026
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1 INE476A08084	1012.00	1012.00	1012.00	Perpetual/ Call option - 11-Sep-2025
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1 INE476A08092	169.10	169.10	169.10	Perpetual/ Call option - 29-Sep-2025
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1 INE476A08100	1635.00	1635.00	1635.00	Perpetual/ Call Option- 31-Dec-2025
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1 INE476A08118	120.00	120.00	120.00	Perpetual/ Call Option- 02-Feb-2026
Various Bondholders	Lower TIER II INE667A09177	1000.00	1000.00	1000.00	31-Dec-2022
Various Bondholders	BASEL III TIER II INE667A08013	750.00	750.00	750.00	02-Dec-2024
Various Bondholders	BASEL III TIER II INE667A08021	400.00	400.00	400.00	23-Mar-2025
Various Bondholders	BASEL III TIER II INE667A08039	1000.00	1000.00	1000.00	28-Sep-2025
Various Bondholders	BASEL III TIER II INE667A08047	750.00	750.00	750.00	18-Dec-2025
Various Bondholders	BASEL III COMPLIANT ADDITIONAL TIER 1 SERIES IV INE476A08134	1500.00	1500.00	1500.00	Perpetual/ Call option - 2-Dec-2026
* Various	BASEL III	450.00	450.00	450.00	Perpetual/ Call



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Bondholders	COMPLIANT ADDITIONAL TIER 1 SERIES V INE667A08104				option - 25-Jul-2022
Various Bondholders	BASEL III TIER II INE476A08142	2500.00	2500.00	2500.00	24 Dec-2031/24- dec-2036
Various Bondholders	BASEL III AT I INE476A08159	1000.00	1000.00	1000.00	Perpetual/ Call option - 04-Mar-2027

\*The call option due on 25/Jul/2022 would be exercised by the Bank as permitted by RBI.

Call option of AT1 bond bearing ISIN INE667A08096 of Rs 500 Crore due on 03/05/2022 was exercised.

\*Excluding borrowings of Rs 26,186.10 crore i.e. Unsecured redeemable Bonds

# Bills Payable as per Other Liabilities

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iii. **Details of outstanding non-convertible-debentures issued by the Bank as on March 31, 2022**

Debenture Series	Tenor/ Period of Maturity (in months)	Coupon	Amount in Crores	Date of Allotment	Redemption Date/ Schedule	Credit Rating as on 31.03.2022	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 (AAA)/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 (AAA)/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 (AAA)/Stable & IND AAA/Stable	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 (AAA)/Stable & IND AAA/Stable	Unsecured	Not applicable
BASEL III TIER II Bonds 2016-17	120	8.40	3000.00	27/Apr/16	27/Apr/26	AAA/Stable by CRISIL, ICRA (AAA)/Stable & IND AAA/Stable	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/Stable & CARE AAA/Stable	Unsecured	Not applicable
BASEL III TIER II	120	8.95	750.00	02/Dec/14	02/Dec/24	AAA/Stable by CRISIL & CARE AAA/Stable	Unsecured	Not applicable
BASEL III TIER II	120	8.75	400.00	23/Mar/15	23/Mar/25	AAA/Stable by CRISIL & CARE AAA/ Stable	Unsecured	Not applicable
BASEL III TIER II	120	8.58	1000.00	28/Sep/15	28/Sep/25	AAA/Stable by CRISIL & CARE AAA/ Stable	Unsecured	Not applicable
BASEL III TIER II	120	8.62	750.00	18/Dec/15	18/Dec/25	AAA/Stable by CRISIL & CARE AAA/ Stable	Unsecured	Not applicable

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<b>BASEL III COMPLIANT ADDITIONAL TIER 1</b>	<b>Perpetual</b>	9.55	1500.00	05/Mar/15	PERPETUAL with Call option from 05/Mar/2025	ICRA AA+/(Stable ) & IND AA +/ Stable	Unsecured	Not applicable
<b>BASEL III COMPLIANT ADDITIONAL TIER 1</b>	<b>Perpetual</b>	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
<b>BASEL III COMPLIANT ADDITIONAL TIER 1</b>	<b>Perpetual</b>	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
<b>BASEL III COMPLIANT ADDITIONAL TIER 1</b>	<b>Perpetual</b>	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
<b>BASEL III COMPLIANT ADDITIONAL TIER 1</b>	<b>Perpetual</b>	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
<b>*BASEL III COMPLIANT ADDITIONAL TIER 1</b>	<b>Perpetual</b>	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+/ Stable by CARE Rating	Unsecured	Not applicable
<b>LOWER TIER II</b>	120	9.00	1000.00	31/Dec/12	31/Dec/2022	AAA/(Stable by CRISIL & CARE AAA/(Stable	Unsecured	Not applicable
<b>BASEL III AT 1 2021 S1</b>	<b>Perpetual</b>	8.40	1500.00	25/Oct/21	PERPETUAL with Call option from 25/Oct/2026	CRISIL AA+/(Stable by CRISIL & IND AA +/Stable by India Ratings	Unsecured	Not applicable
<b>BASEL III AT 1 2021- 22 SR II</b>	<b>Perpetual</b>	8.05	1500.00	02/Dec/21	PERPETUAL with Call option from 02/Dec/2026	CRISIL AA+/(Stable by CRISIL & IND AA +/Stable by India Ratings	Unsecured	Not applicable

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<b>BASEL III TIER 2 S1</b>	180	7.09	2500.00	24/Dec/21	24/Dec/36 with Call option on 24/Dec/31	IND AAA/Stable, CARE AAA/ Stable	Unsecured	Not applicable
<b>BASEL III AT 1 2021- 22 SR III</b>	Perpetual	8.07	1000.00	04/Mar/22	PERPETUAL with Call option from 04/Mar/2027	CRISIL AA+/Stable by CRISIL & IND AA +/Stable by India Ratings	Unsecured	Not applicable

**\*The call option due on 25/Jul/2022 would be exercised by the Bank as permitted by RBI.**

**Call option of AT1 bond bearing ISIN INE667A08096 of Rs 500 Crore due on 03/05/2022 was exercised**

- iv. **Certificate of Deposits issued by the Issuer as on March, 2022: Rs. 23,102 crore (Discounted figure)**
- v. **Details of other borrowings (if any, including hybrid debt like FCCB, optionally convertible debentures/preference shares):**

NIL

Restricted



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**vi. LIST OF TOP 10 BOND-HOLDERS BENPOS AS ON 31-MAR-2022**

SRL	DPID/CLIENTID	NAME OF THE HOLDER	HOLDINGS	Rs in Crore
1	IN30152430047971	CBT-EPF-11-F-DM	103415	10341.50
2	IN30016710166243	COAL MINES PROVIDENT FUND ORGANISATION	21719	2171.90
3	IN30135620892280	THE SINGARENI COLLIERIES COMPANY LIMITED	10000	1000.00
4	IN30378610006749	STATE BANK OF INDIA EMPLOYEES PENSION FUND	6660	666.00
5	IN30081210506747	NPS TRUST-A/C KOTAK PENSION FUND SCHEME A-TIER I	5394	539.40
6	IN30087010101128	BANK OF BARODA	4735	473.50
7	IN30016710156460	KOTAK MAHINDRA TRUSTEE COMPANY LTD. A/C. KOTAK MAHINDRA BOND SHORT TERM PLAN	4700	470.00
8	IN30012610001816	HDFC BANK LIMITED	4244	424.40
9	IN30012611234066	SBI LIFE INSURANCE CO.LTD	3400	340.00
10	IN30012611253047	HDFC TRUSTEE COMPANY LTD. A/C HDFC BALANCED ADVANTAGE FUND	2991	299.10

**vii. The amount of corporate guarantee issued by the issuer**

**N.A.**

**viii. Details of Commercial Paper: Not Applicable**

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

**NIL**

**x. 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.

**xi. 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**

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.

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**H. Details of Promoters of the Bank**

**Details of promoter holding as on March 31, 2022**

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	1,14,17,09,678	1,14,17,09,678	62.93	Nil	Not Applicable

**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)

**a. Standalone:**

(Rs in crores)

Parameters	FY 2020	FY 2021	FY2022
Net Worth	28968.60	39814.26	48692.46
Total Debt : of which	668112.94	1060858.14	1132694.21
Non-Current Maturities of Long Term Borrowings	20096.06	35049.50	34265.36
Short Term Borrowing	20045.71	12004.06	11435.42
Current Maturities of Long Term Borrowings	2620.00	2930.00	1950.00
Net Fixed Assets	8276.29	11206.53	11356.30
Non Current Assets	423814.92	713166.86	755657.07
Cash and Cash Equivalents	68271.47	178408.04	182054.31
Current Investments	36575.85	31121.87	28101.76
Current Assets	300059.83	440508.18	471322.61
Current Liabilities	299966.95	470543.28	4,38,131.31
Assets Under Management	NA	NA	NA
Off Balance Sheet Assets	NIL	NA	NA
Interest Income	48934.99	69239.79	69410.24
Interest Expense	35811.08	45177.62	43026.26
Provisioning & Write-offs	11595.54	17451.69	17410.56
PAT	(2235.72)	2557.58	5678.41
Gross NPA (%)	8.21	8.93	7.51
Net NPA (%)	4.22	3.82	2.65%
Tier 1 Capital Adequacy Ratio (%)	10.12%	10.08%	11.91%
Tier 2 Capital Adequacy Ratio (%)	3.53%	3.10%	2.99%

**b. Consolidated**

(Rs in crores)

Parameters	FY 2020	FY 2021	FY2022
Net Worth	30887.97	43344.83	52552.11
Total Debt : of which	668170.09	1060997.82	1132625.91



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Parameters	FY 2020	FY 2021	FY2022
Non-Current Maturities of Long Term Borrowings	20096.06	35049.50	34265.36
Short Term Borrowing	20045.71	12033.30	11435.42
Current Maturities of Long Term Borrowings	2620.00	2930.00	1950.00
Net Fixed Assets	8323.35	11271.17	11449.70
Non Current Assets	440904.64	735980.3	780361.11
Cash and Cash Equivalents	68589.82	178866.38	182391.42
Current Investments	36575.85	33645.52	33645.52
Current Assets	300535.63	443559.57	477302.42
Current Liabilities	300055.29	470667.80	4,38,028.71
Assets Under Management	NA	NA	NA
Off Balance Sheet Assets	NIL	NA	NA
Interest Income	49758.75	70253.27	70613.78
Interest Expense	35817.19	45182.50	43035.47
Provisioning & Write-offs	11696.51	17170.07	17502.62
PAT	(1986.43)	2890.60	6124.82
Gross NPA (%)	8.24%	8.94%	7.51%
Net NPA (%)	4.23%	3.82%	2.65%
Tier 1 Capital Adequacy Ratio (%)	10.21%	10.18%	11.99%
Tier 2 Capital Adequacy Ratio (%)	3.51%	3.09%	2.98%

c. Gross Debt Equity Ratio of the Issuer

(Rs in crores)

Particulars	Pre-Issue (as on March 31, 2022) <i>Restricted</i>	Post Issue of Bonds of Rs 2000.00 Crores
<b>TOTAL LONG TERM DEBT *</b>		
Total Long Term Debt	26686.10	28686.10
<b>SHAREHOLDERS' FUNDS **</b>		
Share Capital	1814.13	1814.13
Reserve & Surplus (excluding FCT Revaluation Reserve)	55831.81	55831.81
Net Worth	48692.46	48692.46
<b>GROSS DEBT/ EQUITY RATIO</b>	0.55%	0.59%

\* 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.

i. Standalone Statement of Profit & Loss

Rs. in Crore

Sr No	Parameters	FY 2021-22	FY 2020-21	FY 2019-20
I	<b>Income</b>			
a.	Interest Earned	69410.24	69280.46	48934.99
b.	Other Income	16496.90	14924.31	7813.15
	<b>Total Income</b>	<b>85907.14</b>	<b>84204.77</b>	<b>56748.14</b>
II	<b>EXPENDITURE</b>			
a.	Interest Expended	43026.26	45177.62	35811.08
b.	Operating Expenses	19791.91	19338.18	11577.24



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Sr No	Parameters	FY	FY	FY
		2021-22	2020-21	2019-20
c.	Provisions and Contingencies	17410.56	17131.39	11595.54
	<b>Total Expenditure</b>	<b>80228.73</b>	<b>81647.19</b>	<b>58983.86</b>
III	PROFIT FOR THE YEAR	5678.41	2557.58	(2235.72)
	Profit brought forward			
IV	<b>APPROPRIATIONS</b>			
	Transfer to Statutory Reserves	1419.60	639.39	-
	Transfer to Revenue & Other Reserves	-	-	-
	Transfer to Investment Reserve Account	118.79	-	-
	Transfer to Investment Fluctuation Reserve		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	540.96	1162.71	--
	Proposed Dividend	1179.18	-	-
	Tax on Dividend	-	-	-
	Balance Carried over to Balance Sheet	2419.88	-	(2235.72)
	<b>TOTAL</b>	<b>5678.41</b>	<b>2557.58</b>	<b>(2235.72)</b>
	Earnings Per Share (Basic & Diluted) (in Rs.)	32.49	16.91	(26.50)

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

*Rs. in Crore*

Sr No	Parameters	FY	FY	FY
		2021-22	2020-21	2019-20
I	Income			
a.	Interest Earned	70613.78	70253.27	49758.75
b.	Other Income	23643.10	23086.17	11799.40
	<b>Total Income</b>	<b>94256.88</b>	<b>93339.44</b>	<b>61558.15</b>
II	EXPENDITURE			
a.	Interest Expended	43035.47	45182.50	35817.19
b.	Operating Expenses	27923.70	28284.90	16066.96
c.	Provisions and Contingencies	17502.62	17490.37	11696.51
	<b>Total Expenditure</b>	<b>88461.79</b>	<b>90957.77</b>	<b>63580.66</b>
	Share of Earnings/(Loss) in Associates	363.33	254.58	101.50
	Consolidated Net Profit/(Loss) for the Year before deducting	6158.42	2956.56	(1921.01)
	<b>Minorities Interest</b>			
	Less: Minorities Interest	33.60	65.96	65.42
III	PROFIT FOR THE YEAR attributable to the Group	6124.82	2890.60	(1986.43)
	Profit brought forward	-	-	-
	<b>TOTAL</b>	<b>6124.82</b>	<b>2890.60</b>	<b>(1986.43)</b>
IV	<b>APPROPRIATIONS</b>			
	Transfer to Statutory Reserves	1419.60	639.39	-
	Transfer to Revenue & Other Reserves		-	-
	Transfer to Investment Reserve Account	118.79	-	-
	Transfer to Investment Fluctuation Reserve		755.48	-

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Sr No	Parameters	FY	FY	FY
		2021-22	2020-21	2019-20
	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	540.96	1162.71	-
	Proposed Dividend	1179.18	-	-
	Tax on Dividend		-	-
	Balance Carried over to Balance Sheet	2866.29	333.02	(1986.43)
	<b>TOTAL</b>	<b>6124.82</b>	<b>2890.60</b>	<b>(1986.43)</b>
	Earnings Per Share (Basic & Diluted) (in Rs.)	35.04	19.11	(23.55)

iii. **Standalone Balance Sheet**

(Rs. in crore)

Sr no	Parameters	AS on	As on	As on
		31.03.2022	31.03.2021	31.03.2020
I	<b>CAPITAL &amp; LIABILITIES</b>			
a.	Capital	1814.13	1646.74	1030.23
b.	Reserves & Surplus	64297.18	57238.19	38262.73
c.	Deposits	1086409.25	1010874.58	625351.18
d.	Borrowings	46284.96	49983.56	42761.77
e.	Other Liabilities and Provisions	28174.15	33931.96	16468.84
	<b>Total</b>	<b>1226979.67</b>	<b>1153675.03</b>	<b>723874.75</b>
II	<b>ASSETS</b>			
a.	Cash & Balances with Reserve Bank of India	51602.91	43111.62	22570.14
b.	Balances with Banks and Money at Call & Short Notice	130451.39	135296.41	45701.33
c.	Investments	282012.90	261690.39	176244.94
d.	Advances	703601.82	639048.99	432175.20
e.	Fixed Assets	11356.30	11206.53	8276.29
f.	Other Assets	47954.35	63321.09	38906.85
	<b>Total</b>	<b>1226979.67</b>	<b>1153675.03</b>	<b>723874.75</b>

iv. **Consolidated Balance Sheet**

(Rs. in crore)

Sr No	Parameters	As on	As on	As on
		31.03.2022	31.03.2021	31.03.2020
I	<b>CAPITAL &amp; LIABILITIES</b>			
a.	Capital	1814.13	1646.74	1030.23
b.	Reserves & Surplus	68147.19	60762.85	40175.72
c.	Minority Interest	824.69	793.38	730.10
d.	Deposits	1086340.95	1010985.02	625408.32
e.	Borrowings	46284.96	50012.80	42761.77
f.	Other Liabilities and Provisions	54251.61	55338.81	31334.13
	<b>Total</b>	<b>1257663.53</b>	<b>1179539.60</b>	<b>741440.27</b>
II	<b>ASSETS</b>			
a.	Cash & Balances with R B of India	51637.07	43115.94	22572.96
b.	Balances with Banks and Money at	130754.35	135750.44	46016.86



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Sr No	Parameters	As on	As on	As on
		31.03.2022	31.03.2021	31.03.2020
	Call & Short Notice			
c.	Investments	311347.24	286191.25	192645.37
d.	Advances	703864.05	639286.54	432403.38
e.	Fixed Assets	11449.70	11271.17	8323.35
f.	Other Assets	48611.12	63924.26	39478.35
	Total	1257663.53	1179539.60	741440.27

**v. Standalone Cash Flow Statement**

(Rs. in crore)

Particulars	Year ended	Year ended	Year ended
	31.03.2022	31.03.2021	31.03.2020
<b>A. Cash Flow from Operating Activities:</b>			
Net Profit after Taxes	5,678.41	2557.58	-2235.72
Adjustments for:			
Provision for income tax	3,283.17	1149.64	480.15
Transfer From Other Reserves		2515.98	-1169.55
Depreciation on Fixed Assets	815.58	820.17	432.08
Profit/ (Loss) on sale of Fixed Asset	-14.42	-28.70	1.34
Provision for Other Items	3,084.21	1761.13	278.27
Interest on Tier 1 and Tier 2 Bonds	2,024.73	2019.04	1116.44
Provision for NPA	10,297.61	14113.79	10730.1
Loss on revaluation of Investments	226.62	-1.68	-1.74
Provision for Standard Assets	-233.12	0.42	384.84
Income from Investment in Subsidiaries	-55.88	-71.54	-67.87
Income from Investment (Appreciation)/Depreciation	978.69	106.39	-277.81
Sub total	17124.02	21235.00	11906.25
Adjustments for:			
Increase / (Decrease) in Deposits	75,534.67	105350.73	26317.9
Increase / (Decrease) in Borrowings	-7,268.60	-13373.07	-630.53
Increase / (Decrease) in Other Liabilities and Provisions	-9,788.08	2717.14	-2758.16
(Increase) / Decrease in Investments	-21,359.80	-10591.59	-22961.73
(Increase) / Decrease in Advances	-74,850.45	-36588.80	-15178.03
(Increase) / Decrease in Other Assets	15,883.20	-12408.91	-1564.1
Taxes (Paid) / Refund	-3,968.44	-1514.49	-1645.38
Sub total	-25817.50	33270.69	-15129.27
<b>Net Cash Flow from Operating Activities (A)</b>	<b>268.10</b>	<b>58533.22</b>	<b>-5458.74</b>
<b>B. Cash Flow from Investing Activities :</b>			

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Net Inflow / Outflow from Sale /Purchase of Fixed Assets	-545.14	-737.38	-326.56
Investment in Subsidiaries/ Joint Ventures/	-168.02	-	-18.89
Disposal of Investment in Jv, Subsidiaries etc	-	-	0.53
Income from Investment in Subsidiaries	55.88	71.54	67.87
<b>Net Cash Flow from Investing Activities (B)</b>	<b>-657.28</b>	<b>-665.84</b>	<b>-277.05</b>
<b>C. Cash Flow from Financing Activities:</b>			
Payment on redemption of Bonds / Sub. Debts	-2930	-2620	-600
Dividend (Interim & Final) Paid	0	0	0
Interest Paid on IPDI, Sub.&, Upper Tier 2 Bonds	-2,024.73	-2019.04	-1116.44
Increase in paid up capital	167.39	193.24	276.99
Share Premium recd. on new issue of share capital	2,322.79	1797.99	6294.02
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	6500.00	2936.00	3000
<b>Net Cash Flow from Financing Activities (C)</b>	<b>4035.45</b>	<b>283.89</b>	<b>7854.57</b>
<b>Net Increase in Cash &amp; Cash Equivalents (A)+(B)+(C)</b>	<b>3646.27</b>	<b>58151.28</b>	<b>2118.78</b>
<b>Cash /Equivalents as at the beginning of the year</b>	<b>178408.03</b>	<b>120256.75</b>	<b>66152.70</b>
<b>Cash / Equivalents as at the end of the year</b>	<b>182054.30</b>	<b>178408.03</b>	<b>68271.48</b>

**vi. Consolidated Cash Flow Statement**

(Rs. in crore)

Particulars	Year ended	Year ended	Year ended
	31.03.2022	31.03.2021	31.03.2020
<b>A. Cash Flow from Operating Activities:</b>			
<b>Net Profit after Taxes</b>	6124.83	2890.6	-1986.43
<b>Adjustments for:</b>			
Provision for income tax	3349.91	1179.57	509
Depreciation on Fixed Assets	841.05	838.04	445.91
Profit/ (Loss) on sale of Fixed Asset	-14.42	-28.70	1.34
Provision for Other Items	3543.15	1707.62	646.36

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Interest on Tier 1 and Tier 2 Bonds	2024.73	2013.65	1116.44
Provision for NPA	9868.07	14174.20	10733.64
Less: Amount Drawn from the Other Reserves	0	2515.99	-1169.55
Profit/Loss on revaluation of Investments	346.58	2543.76	-1.74
Provision for Standard Assets	-233.42	2.28	380.46
Profit on sale of Investment	-3748.56	-4066.17	-716.12
Provision for (Appreciation)/Depreciation on Investment	974.90	426.69	-572.96
Sub total	16951.99	22697.66	11372.78
<b>Adjustments for:</b>			
Increase / (Decrease) in Deposits	75355.93	105418.13	26285.3
Increase / (Decrease) in Borrowings	-7297.85	-13344.62	-680.37
Increase / (Decrease) in Other Liabilities and Provisions	-12670.52	-5290.86	-13113.41
(Increase) / Decrease in Investments	-24962.42	-15225.16	-22978.53
(Increase) / Decrease in Advances	-64577.51	-22484.38	-4288.61
(Increase) / Decrease in Other Assets	16113.28	-12301.06	-1562.88
Increase / (Decrease) Minority Interest	31.31	63.28	62.23
Direct Taxes (Paid) / Refund	-4150.05	-1594.90	-1600.78
Sub total	-22157.83	34920.13	-14675.49
<b>Net Cash Flow from Operating Activities (A)</b>	<b>918.99</b>	<b>59117.68</b>	<b>-5289.14</b>
<b>B. Cash Flow from Investing Activities :</b>			
Net Inflow / Outflow from Sale / Purchase of Fixed Assets	-821.02	-922.72	-337.82
Investment in Subsidiaries/ Joint Ventures/	-540.15	-222.35	-271.43
(Increase) / Decrease in other reserves	105.29	115.93	198.44
<b>Net Cash Flow from Investing Activities (B)</b>	<b>-1255.88</b>	<b>-1029.14</b>	<b>-410.81</b>
<b>C. Cash Flow from Financing Activities:</b>			
Share Capital	167.39	193.24	276.99
Share Premium	2322.79	1797.99	6231.72
Increase / (Decrease) of Bonds including subordinated Debts	3570.00	316.80	2400
Share Application Money Pending for Allotment	0	0	0
Dividend (Interim & Final) Paid	0	0	0
Interest Paid on IPDI, Subordinated Bonds, Upper Tier 2 Bonds	-2024.73	-2013.65	-1116.44
Amount paid to e-SB shareholders (for fraction part)	0	-4.30	-



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<b>Net Cash Flow from Financing Activities (C)</b>	<b>4035.45</b>	<b>290.08</b>	<b>7792.27</b>
<b>Cash flow on account of exchange fluctuation (D)</b>			
Cash generated on account of exchange fluctuation	-173.50	-87.33	-33.73
<b>Net Increase in Cash &amp; Cash Equivalents (A)+(B)+C+(D)</b>	<b>3525.06</b>	<b>58291.27</b>	<b>2058.59</b>
<b>Cash and Cash Equivalents as at the beginning of the year</b>	<b>178866.37</b>	<b>120575.10</b>	<b>66531.23</b>
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>182391.43</b>	<b>178866.37</b>	<b>68589.82</b>

**vii. Auditors' Qualifications**

<b>Financial Year</b>	<b>Auditors' Qualifications</b>
<b>2021-22</b>	<b>Nil</b>
<b>2020-21</b>	<b>Nil</b>
<b>2019-20</b>	<b>Nil</b>

**J. REVIEW OF STANDALONE FINANCIAL INFORMATION OF THE ISSUER AS OF Mar 31, 2022**

<b>Sr.No.</b>	<b>Particulars</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
		<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
		<b>(Audited)</b>	<b>(Audited)</b>	<b>(Audited)</b>
1.	Interest Earned (a+b+c+d)	<b>69410.24</b>	<b>69280.46</b>	<b>48934.99</b>
a)	Interest/ discount on advances/ bills	49862.11	50405.00	36075.88
b)	Income from Investments	16972.27	16899.87	11335.88
c)	Interest on balances with Reserve Bank of India and other Inter Bank Funds	2155.12	1851.53	1400.27
d)	Others	420.74	124.06	122.96
2.	Other Income	<b>16496.90</b>	<b>14924.32</b>	<b>7813.15</b>
3.	Total Income (1+2)	<b>85907.14</b>	<b>84204.78</b>	<b>56748.14</b>
4.	Interest Expended	<b>43026.26</b>	<b>45177.62</b>	<b>35811.08</b>
5.	Operating Expenses (i)+(ii)+(iii)	<b>19791.91</b>	<b>19338.19</b>	<b>11577.24</b>
(i)	Employees Cost	12703.64	12756.48	7134.18
(ii)	Rent, Taxes and Lighting	1126.62	1120.15	792.37
(iii)	Other Operating Expenses	5961.65	5528.08	3650.69
6.	Total Expenditure (4)+(5) (excluding Provisions and Contingencies)	<b>62818.17</b>	<b>64515.81</b>	<b>47388.32</b>
7.	Operating Profit before provisions & contingencies (3-6)	<b>23088.97</b>	<b>19688.97</b>	<b>9359.82</b>
8.	Provisions (other than tax) and Contingencies	12772.49	15981.75	11595.54
9.	Exceptional Items	1354.90	-	-
10.	Profit (+)/ Loss (-) from Ordinary Activities before Tax (7-8-9)	<b>8961.58</b>	<b>3707.22</b>	<b>(1755.57)</b>
11.	Tax Expense- Current Year	3283.17	1149.64	480.15
12.	Profit (+)/ Loss (-) from Ordinary Activities after Tax (10-11)	<b>5678.41</b>	<b>2557.58</b>	<b>(2235.72)</b>
13.	Extraordinary Items (net of tax expense)	0		



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Sr.No.	Particulars	Year ended	Year ended	Year ended
		31.03.2022	31.03.2021	31.03.2020
		(Audited)	(Audited)	(Audited)
14.	Net Profit (+)/ Loss (-) for the period (12-13)	5678.41	2557.58	(2235.72)
15.	Paid-up Equity Share Capital (Face Value of each share- Rs.10/-)	1814.13	1646.74	1030.23
16.	Reserves excluding revaluation reserves	55790.95	48953.95	31929.94

**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 08<sup>th</sup> Jul, 2022. 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.



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**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	19-07-2022
Call option Date	19-07-2027 (or any anniversary date thereafter, subject to Tax Call/ Regulatory Call, For details refer Term sheet)
Redemption Date	Perpetual
Coupon Rate	8.24% p.a.
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 <sup>st</sup> Coupon Payment	Wednesday, 19 Jul, 2023	Wednesday, 19 Jul, 2023	365	8,24,000
2 <sup>nd</sup> Coupon Payment	Friday, 19 Jul, 2024	Friday, 19 Jul, 2024	366	8,24,000
3 <sup>rd</sup> Coupon Payment	Saturday, 19 Jul, 2025	Saturday, 19 Jul, 2025	365	8,24,000
4 <sup>th</sup> Coupon Payment	Sunday, 19 Jul, 2026	Monday, 20 Jul, 2026	365	8,24,000
5 <sup>th</sup> Coupon Payment	Monday, 19 Jul, 2027	Monday, 19 Jul, 2027	365	8,24,000
Upto Perpetual....				



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**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 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 in 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 5<sup>th</sup> 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 <sup>st</sup> Coupon Payment	Wednesday, 19 Jul, 2023	Wednesday, 19 Jul, 2023	365	8,24,000
2 <sup>nd</sup> Coupon Payment	Friday, 19 Jul, 2024	Friday, 19 Jul, 2024	366	8,24,000
3 <sup>rd</sup> Coupon Payment	Saturday, 19 Jul, 2025	Saturday, 19 Jul, 2025	365	8,24,000
4 <sup>th</sup> Coupon Payment	Sunday, 19 Jul, 2026	Monday, 20 Jul, 2026	365	8,24,000
5 <sup>th</sup> Coupon Payment	Monday, 19 Jul, 2027	Monday, 19 Jul, 2027	365	8,24,000
Principal Redemption of Principal on account of exercise of Call Option*.	Monday, 19 Jul, 2027	Monday, 19 Jul, 2027	365	1,00,00,000

**Notes:**

1. The above example is for illustration purpose only. The actual payment will be made as per provisions of summary term sheet.

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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 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 in functioning in Mumbai.
6. Interest payments will be rounded off to the nearest rupee as per the FIMMDA Handbook on market practices.

ADDITIONAL DISCLOSURES

1. Number of persons to whom allotment on preferential basis/ private placement/ rights issue has already been made during the year, in terms of securities as well as price.

NIL

2. Proposed time schedule for which the placement memorandum is valid.

Please refer to Issue Schedule in the Placement Memorandum.

3. Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects -

NIL

4. Pre-issue and post-issue shareholding pattern of the company

There is no change in shareholding pattern due to this Issue. Please refer to Details of Shareholding Pattern of the Bank in the Placement Memorandum for details of the shareholding of the Bank.

5. Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark.

NIL

6. Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project.

NOT APPLICABLE

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II. TERMS OF ISSUE

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

Jun 24, 2022

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. DOR.CAP.REC.3/21.06.201/2022-23 dated April 01, 2022 which consolidates all instructions on the matter of the Basel III Capital Regulations ("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

Restricted

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 2,000 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 of the Bank dated 24/Jun/2022 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

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Bonds in the nature of debentures in dematerialized 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. DOR.CAP.REC.3/21.06.201/2022-23 dated Apr 01, 2022 which consolidates all instructions on the matter of Basel III Capital Regulations a ("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".

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.

Restricted

**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:

- 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;
- 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);
- 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;
- 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





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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 (temporary or permanent), 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

Restricted

If the Common Equity Tier 1 of the Bank falls below 6.125% of risk weighted assets ("RWA"), 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 a 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 pre-specified trigger for loss absorption through conversion / write-down of Additional Tier 1 instruments must be at least Common Equity Tier 1 capital of 6.125% of RWAs. 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/converted 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. CET1 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 converted /written-down subject to the amount of conversion/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 the pre-specified trigger of loss absorbency of AT1 and the equity is replenished either through conversion or 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

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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 conversion / write-down may be allowed more than once in case a bank hits the pre-specified trigger level subsequent to the first conversion / write-down which was partial.
- f) When a paid-up instrument is fully and permanently written-down, it ceases to exist resulting in extinguishment of a liability of a bank (a non-common equity instrument) and creates CET1. A temporary write-down is different from a conversion and a permanent write-down i.e., the original instrument may not be fully extinguished. Generally, the par value of the instrument is written-down (decrease) on the occurrence of the trigger event and which may be written-up (increase) back to its original value in future depending upon the conditions prescribed in the terms and conditions of the instrument.
- g) The Bonds which have been written down can be written up (partially or fully) at the absolute discretion of the Bank and subject to compliance with extant guidelines.

## 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 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.

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:

- a. decision that a conversion or full and permanent write-off without which the Bank would become non-viable, is necessary, as determined by the Reserve Bank of India; and
- b. the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the relevant authority.

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.

The Bonds can be written off in case the Bank hits the PONV Trigger. The Bonds which have been written off (full and permanent write-off) shall not be written up.

Such a decision would invariably imply that the write-off or issuance of any new shares as a result of conversion consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital

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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 a trigger event and when conversion or write-off is undertaken.

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.

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:

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

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 19-07-2022, which shall be the Deemed Date of Allotment. All benefits relating to the Bonds will be available to the applicants from the Deemed



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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

Restricted

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. DOR.CAP.REC.3/21.06.201/2022-23 dated Apr 01, 2022 read along with 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

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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 deducted 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.

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





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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:

- 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. SEBI/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 (FPI)\* 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



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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.

Investment by FIIs in instruments raised in Indian Rupees shall be outside the ECB limit for rupee denominated corporate debt, as fixed by the Govt. of India from time to time, for investment by FIIs in corporate debt instruments. Investment in these instruments by FIIs and NRIs shall be within an overall limit of 49% and 24% of the issue, respectively, subject to the investment by each FII not exceeding 10% of the issue and investment by each NRI not exceeding 5% of the issue.

\*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.

- (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

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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.

**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 19.07.2022 would be made by NSE clearing limited to the following Bank account of the issuer:

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



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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” 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.

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**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.

Restricted

**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

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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/298073/TIBUBIII/0722/38502/114440029 dated July 08, 2022 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 July 12, 2022, have assigned ‘IND AA+/Stable’; by India Ratings & Research. Pronounced as “IND AA Plus 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** ,  
4<sup>th</sup> Floor, Mistry bhavan, 122 Dinshaw Vachha Road  
Churchgate, Mumbai - 400 020,  
Tel No: 022-43025555 ,43025503  
Fax : 022-22040465  
Email: [corporate@sbicaptrustee.com](mailto: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.





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

The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustee by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI 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

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/5038 dated 13/07/2022 (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:

- a. The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 as amended from time to time.
- b. Board resolution dated Jun 24, 2022, authorizing issue of Bonds offered under terms of this Placement Memorandum.
- c. Letter of consent from the Trustees for acting as trustees for and on behalf of the holder(s) of the Bonds.
- d. Letter of consent from the Registrars for acting as Registrars to the Issue.
- e. Application made to the NSE for grant of in-principle approval for listing of Bonds.
- f. Letter from CRISIL Limited conveying the credit rating for the Bonds.
- g. Letter from India Ratings & Research Pvt Limited conveying the credit rating for the Bonds.
- h. Tripartite Agreement between the Bank, NSDL and Registrars for issue of Bonds in dematerialized form.
- i. 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	- NIL
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 removable 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	- NIL
g) Any other disclosure as specified by SEBI	- NIL

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IV. Summary Term Sheet of the Issue

1	Security Name	8.24 % CANARA BANK Basel III Additional Tier I Bond 2022-23 Series I
2	Issuer/Bank	Canara Bank ("CB"/ the "Bank"/ the "Issuer")
3	Issue Size	Aggregate Total Issue size not exceeding Rs. 2000 crore with a base issue size of Rs 500 crore
4 a	Option to retain oversubscription	Rs 1,500 crore
4 b	Accepted Amount	<b>Rs. 2,000 crore</b>
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	<p>Unsecured, Subordinated Basel III Compliant Additional Tier I Bonds</p> <p>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.</p> <p><b>The instrument has certain unique features which, inter-alia, grant the Bank, in consultation with RBI discretion in terms of writing down the principal / interest, to skip interest payments, to make an early re etc. without commensurate right for investors to legal recourse, even if such actions of the Bank might result in potential loss to investors.</b></p>
7	Objects of the Issue	<p>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.</p> <p>The funds being raised by the Bank through this Issue are not meant for financing any particular project. The Bank shall utilize the proceeds of the issue for its regular business activities.</p>
8	Utilization of the Proceeds of the Issue	<p>The funds being raised by the Bank through the present Issue are not meant for financing any particular project. The Bank shall utilize the proceeds of the issue for 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.</p> <p>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.</p>
9	Status of Bonds / Seniority of Claims	<p>The Claims of the Bondholders in respect of the bonds shall :</p> <ol style="list-style-type: none"> <li>1. be superior to the claims of investors in equity shares and perpetual non-cumulative preference shares issued by the Bank , if any of the issuer;</li> <li>2. be subordinated to the claims of depositors, general creditors &amp; subordinated debt of the Bank, other than any subordinated debt qualifying as Additional Tier 1 Capital (as defined in the Basel III Guidelines);</li> <li>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;</li> <li>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</li> </ol>

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		<p>holders shall be pari-passu with claims of holders of such subsequent debentures/bond issuances of the Bank;</p> <p>5. Rank pari-passu without preference amongst themselves and other subordinated debt classifying as Additional Tier 1 Capital in terms of Basel III Guidelines.</p> <p>Additional Tier 1 Capital shall have the meaning ascribed to such terms under Basel III Guidelines.</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”, 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;          “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 (<b>being Eligible Investors</b>) ;</p> <ol style="list-style-type: none"> <li>a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with SEBI;</li> <li>a foreign portfolio investor* other than individuals, corporate bodies and family offices;</li> <li>a public financial institution;</li> <li>a scheduled commercial bank;</li> <li>a multilateral and bilateral development financial institution;</li> <li>a state industrial development corporation;</li> <li>an insurance company registered with the Insurance Regulatory and Development Authority of India;</li> <li>a provident fund with minimum corpus of twenty five crore rupees;</li> <li>a pension fund with minimum corpus of twenty five crore rupees;</li> </ol>



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- 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.

Investment by FIIs in instruments raised in Indian Rupees shall be outside the ECB limit for rupee denominated corporate debt, as fixed by the Govt. of India from time to time, for investment by FIIs in corporate debt instruments. Investment in these instruments by FIIs and NRIs shall be within an overall limit of 49% and 24% of the issue, respectively, subject to the investment by each FII not exceeding 10% of the issue and investment by each NRI not exceeding 5% of the issue.

\*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



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		issuer shall not be responsible in any manner.
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	c. Convertibility	Non-Convertible
20	d. Face Value	Rs.1,00,00,000/- (Rupees One Crore only)
	e. 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 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	8.24% 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 19/07/2022 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).





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		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	<p>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.</p> <p>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;</p> <p>c) Cancellation of Coupon/discretionary payments shall not be an event of default.</p> <p>d) Bank shall have full access to cancelled Coupons/ payments to meet 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>



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		<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. 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> <ol style="list-style-type: none"> <li>1) Declare or pay any discretionary distribution or dividend or make any other payment on, or directly or indirectly redeem, purchase, cancel, 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</li> <li>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).</li> </ol> <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> <ol style="list-style-type: none"> <li>a) Stop payment on another instrument where the payments on such an instrument are not fully discretionary;</li> <li>b) Prevent distribution to share holder for a period that extends beyond the point in time at which interest on the bonds is resumed;</li> <li>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</li> <li>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.</li> </ol> <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> <ol style="list-style-type: none"> <li>a) The re-capitalization of the issuer.</li> </ol>



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		<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> <p>A stopper may act to prohibit actions that are equivalent to the payment of a dividend, such as the bank undertaking discretionary share buybacks, if otherwise permitted.</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"> <li>each Coupon Payment Date on which coupon amount is due and payable and</li> <li>Call Option Due Date on which the Call Option is due and payable, if Call Option is exercised by the Bank.</li> </ul>
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 style="text-align: center;"><b>Restricted</b></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



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47	Condition for exercise of call option	<p>The Call Option may be exercised subject to following conditions:</p> <ul style="list-style-type: none"> <li>i) Such Call Option, if exercised, shall only be after the expiry of 5 (five) years from the Deemed Date of Allotment;</li> <li>ii) To exercise the Call Option, the Bank must receive prior approval of RBI (Department of Banking Regulation);</li> <li>iii) The Bank shall not exercise Call Option unless: <ul style="list-style-type: none"> <li>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</li> <li>b) The Bank demonstrates that its capital position is well above the minimum capital requirements after the call option is exercised.</li> </ul> </li> </ul> <p>Minimum refers to Common Equity Tier 1 of 8% of RWAs (including capital conservation buffer of 2.5% of RWAs) and Total capital of 11.5% of RWAs including additional capital requirements identified under Pillar 2.</p>
48	Issuer Call Option	<p>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 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 "<b>Regulatory Event</b>"), 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</p>



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		<p>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> <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"> <li>1. Letter appointing M/s SBICAP Trustee Company Ltd as Trustees to the Bond Holders;</li> <li>2. Debenture Trusteeship Agreement/ Bond Trusteeship agreement/Debenture Trust Deed;</li> <li>3. Rating letter from Rating Agencies namely CRISIL and India Ratings;</li> <li>4. Letter appointing Registrar and agreement entered into between the Issuer and the Registrar;</li> <li>5. Tripartite agreement between the Issuer, Registrar to the Issue and NSDL for issue of Bonds in dematerialized form;</li> <li>6. Tripartite agreement between the Issuer, Registrar to the Issue and CDSL for issue of Bonds in dematerialized form;</li> <li>7. Application made to NSE for seeking its in-principle approval for listing of bonds;</li> <li>8. Listing Agreement with NSE.</li> <li>9. Placement Memorandum.</li> </ol>
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"> <li>1. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s);</li> <li>2. Letter from NSE conveying its In-principle approval for listing and trading of Bonds</li> <li>3. Rating Letters from rating agencies not more than one month old from</li> </ol>





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		<p>the date of issuance.</p> <p>4. Letter from the Registrar conveying its consent to act as registrar to issue.</p> <p>5. Any other document customary for this transaction.</p>
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"> <li>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,</li> <li>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;</li> <li>3. Besides, the issuer shall perform all the activities, whether mandatory or otherwise, as mentioned elsewhere in this Placement Memorandum.</li> </ol>
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
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	<p>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.</p> <p>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.</p> <p>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.</p>
64	<b>Issue Schedule :</b> 1. Opening Date and time* 2. Closing Date and time *	15-07-2022, 12:00 PM 15-07-2022, 01:00 PM
65	Pay-In-Date*	19-07-2022
66	Deemed Date of Allotment*	19-07-2022
<p>* 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.</p>		



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<b>Loss absorption features of Additional Tier 1 (AT1) Instruments at the Pre-Specified Trigger and/or PONV</b>			
67	Loss Absorption/ Absorbency	Loss	<p>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.</p> <p>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 (temporary or permanent), 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).</p>
68	Loss Absorption at Specified Trigger Level	Pre-	<p>If the Common Equity Tier 1 of the Bank falls below 6.125% of risk weighted assets ("RWA"), 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> <ol style="list-style-type: none"> <li>reduce the claim of the Bond (up to nil) in liquidation;</li> <li>reduce the amount to be re-paid on the Bond when call is exercised (up to nil);</li> <li>partially or fully reduce Coupon payments on the Bond.</li> </ol> <p>In relation to Loss Absorption at Pre-Specified Trigger Level, the following may be noted:</p> <ol style="list-style-type: none"> <li>The pre-specified trigger for loss absorption through conversion / write-down of Additional Tier 1 instruments must be at least Common Equity Tier 1 capital of 6.125% of RWAs. 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).</li> <li>The aggregate amount to be written-down/converted 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. CET1 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.</li> <li>Further, the Bank shall have full discretion to determine the amount of AT1 Instruments (including the Bonds) to be converted /written-down subject to the amount of conversion/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%).</li> <li>When the bank breaches the pre-specified trigger of loss absorbency of AT1 and the equity is replenished either through conversion or 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.</li> <li>The conversion / write-down may be allowed more than once in case a bank hits the pre-specified trigger level subsequent to the first</li> </ol>



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		<p>conversion / write-down which was partial.</p> <p>f) When a paid-up instrument is fully and permanently written-down, it ceases to exist resulting in extinguishment of a liability of a bank (a non-common equity instrument) and creates CET1. A temporary write-down is different from a conversion and a permanent write-down i.e., the original instrument may not be fully extinguished. Generally, the par value of the instrument is written-down (decrease) on the occurrence of the trigger event and which may be written-up (increase) back to its original value in future depending upon the conditions prescribed in the terms and conditions of the instrument.</p> <p>g) The Bonds which have been written down can be written up (partially or fully) at the absolute discretion of the Bank and subject to compliance with extant guidelines.</p>
69	Loss Absorption at the Point of Non-Viability (PONV)	<p style="text-align: center;"><u>Permanent Write Off on PONV Trigger Event</u></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 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"> <li>decision that a conversion or full and permanent write-off without which the Bank would become non-viable, is necessary, as determined by the Reserve Bank of India; and</li> <li>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.</li> </ol> <p>The amount of non-equity capital to be written-off will be determined by RBI.</p> <p>The Bonds can be written off in case the Bank hits the PONV Trigger. The</p>



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	<p>Bonds which have been written off (full and permanent write-off) shall not be written up.</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 or issuance of any new shares as a result of conversion 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 a trigger event and when conversion or write-off is undertaken.</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> <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"> <li>Restore depositors'/investors' confidence;</li> <li>Improve rating /creditworthiness of the Bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and</li> </ol>
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		<p>c. Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.</p> <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	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.
72.	Treatment of AT1 Instruments in the event of Winding-Up, Amalgamation, Acquisition, Re-Constitution, etc. of the Bank ("Other Events")	<p>a) If the Bank goes into liquidation before the AT1 instruments have been written-down, 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</p> <p>b) 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.</p> <p>c) Amalgamation of a banking company: (Section 44 A of BR Act, 1949 as amended from time to time)</p> <p>(i) 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.</p> <p>(ii) 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.</p> <p>(iii) 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.</p> <p>d) Scheme of reconstitution or amalgamation of a banking company: (Section 45 of BR Act, 1949 as amended from time to time)</p> <p>If the relevant authorities decide to reconstitute the Bank or amalgamate the Bank with any other bank under the Section 45 of BR Act, 1949, 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 Bonds will be fully written-off permanently before amalgamation / reconstitution in accordance with these rules.</p>
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</p>



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		<p>in hybrid Tier 1 capital under the then prevailing Basel III 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	<p>The present issue of Bonds is being made in pursuance of Master circular no. DOR.CAP.REC.3/21.06.201/2022-23 dated Apr 01, 2022 which consolidates all instructions on the matter of Basel III Capital Regulations ("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	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





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		<p>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> <p>In case of default in payment of Coupon and/or principal redemption on the due dates as per the terms set out under this Placement Memorandum, additional interest at 2% p.a. over the Coupon Rate will be payable by the Issuer for the defaulting period. However, it is clarified that any non-payment of interest and / or principal on account of Basel III Guidelines, Coupon Discretion, Loss Absorbency and other events of this Summary Term Sheet, shall not be deemed to be an event of default and no such default interest shall be payable.</p> <p>If the trust deed in relation to the Issue is not executed within SEBI prescribed timelines, without prejudice to any liability arising on account of violation of the provisions of the SEBI Act and all other applicable SEBI regulations, the Issuer shall also pay interest of two percent per annum to the Bondholders, over and above the Coupon Rate, till the execution of the trust deed.</p> <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.</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, 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</p>



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		<p>standalone financial information such as Statement of Profit &amp; 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 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</p>



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		with interest at the rate of 15 per cent per annum on application money.												
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													

Note: The Issuer reserves its sole and absolute right to modify (pre-pone/ postpone) the Issue schedule without giving any reasons or prior notice. In such a case, investors shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Deemed Date(s) of Allotment at its sole and absolute discretion without any notice. In

case if the Issue Closing Date/ Pay in Date is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer.

**Restricted**

**DISCLOSURES PERTAINING TO WILFUL DEFAULT**

- Name of the bank declaring the entity as a wilful defaulter: NIL
- The year in which the entity is declared as a wilful defaulter: Not Applicable
- Outstanding amount when the entity is declared as a wilful defaulter: Not Applicable
- Name of the entity declared as a wilful defaulter: Not Applicable
- Steps taken, if any, for the removal from the list of wilful defaulters: Not Applicable
- Other disclosures, as deemed fit by the issuer in order to enable investors to take informed decisions: NIL
- Any other disclosure as specified by the Board: NIL

**DISCLOSURES ALONGWITH THE LISTING APPLICATION TO THE STOCK EXCHANGE**

The issuer shall ensure that it files the following disclosures along with the listing application to the stock exchange:

- The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended from time to time and necessary resolutions for allotment of the Debentures.
- Copies of audited annual reports of the last three years.
- Statement containing particulars of, dates of, and parties to all material contracts and agreements.
- Copy of the Board Resolution authorizing the borrowing and list of authorized signatories.
- Any other particulars or documents that the Stock Exchange may call for as it deems fit.

**DISCLOSURES TO THE TRUSTEE**

The issuer shall submit the following disclosures to the trustee in electronic form (softcopy) at the time of allotment of the

Bonds:

- The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended from time to time and necessary resolution(s) for the allotment of the Bonds.
- Copy of last three years' audited annual reports.



PLACEMENT MEMORANDUM

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- c. Statement containing particulars of, dates of, and parties to all material contracts and agreements.
- d. Latest Audited / Limited Review Half Yearly Consolidated (wherever available) and Standalone Financial Information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any.
- e. An undertaking to the effect that the Issuer would, till the redemption of the Bonds, submit the details mentioned in point (d) above to the Debenture Trustee within the timelines as mentioned in the Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended from time to time, for furnishing / publishing its half yearly/ annual result. Further, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing Bondholder within two working days of their specific request.

**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.

## 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, Act, 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.

Signed pursuant to internal authority granted.

For Canara Bank



B Sudhakar Kotary  
General Manager, Authorized Signatory  
Place: Bengaluru, Karnataka  
Date: 15.07.2022





PLACEMENT MEMORANDUM  
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ANNEXURE-I-  
RATING LETTER & RATIONALE FROM CRISIL LIMITED

Ratings

CONFIDENTIAL

RL/CANBANK/298073/TIBUBIII/0722/38502/114440029  
July 08, 2022

Shri Mahesh M Pai  
General Manager - Treasury  
Canara Bank  
Canara Bank Building, 2nd Floor, B Wing,  
C-14, G Block, Bandra Kurla Complex  
Bandra East  
Mumbai City - 400051  
9036687759

Dear Shri Mahesh M Pai,

Re: CRISIL Rating on the Rs.5500 Crore Tier I Bonds (Under Basel III) of Canara Bank

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

CRISIL Ratings has, after due consideration, assigned a CRISIL AA+/Stable (pronounced as CRISIL double A plus rating with Stable outlook) rating to the captioned Debt instrument. 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.

Further, in view of your decision to accept the CRISIL Ratings, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. 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.

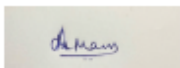
As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook 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. Please visit [www.crisilratings.com](http://www.crisilratings.com) and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crisil.com](mailto:debtissue@crisil.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@crisil.com](mailto:debtissue@crisil.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,



Aesha Maru  
Associate Director - CRISIL Ratings



Nivedita Shibu  
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.crisilratings.com](http://www.crisilratings.com). CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of a company rated by CRISIL Ratings, please visit [www.crisilratings.com](http://www.crisilratings.com) or contact Customer Service Helpdesk at [CRISILratingsdesk@crisil.com](mailto:CRISILratingsdesk@crisil.com) or at 1800-267-1301

CRISIL Ratings Limited  
(A subsidiary of CRISIL Limited)  
Corporate Identity Number: U67100MH2019PLC326247

Registered Office: CRISIL House, Central Avenue, Hirnandani Business Park, Powai, Mumbai- 400 076. Phone: +91 22 3342 3000 | Fax: +91 22 3342 3001  
[www.crisilratings.com](http://www.crisilratings.com)



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Rating Rationale

## Ratings

CRISIL Ratings Limited (A subsidiary of CRISIL Limited)



### Rating Rationale

July 08, 2022 | Mumbai

### Canara Bank

'CRISIL AA+/Stable' assigned to Tier I Bonds (Under Basel III); Rated amount enhanced for Certificate of Deposits

#### Rating Action

Rs.5500 Crore Tier I Bonds (Under Basel III)	CRISIL AA+/Stable (Assigned)
Tier I Bonds (Under Basel III)* Aggregating Rs.450 Crore (Reduced from Rs.2380 Crore)	CRISIL AA+/Stable (Reaffirmed)
Tier I Bonds (Under Basel III) Aggregating Rs.7000 Crore (Reduced from Rs.8000 Crore)	CRISIL AA+/Stable (Reaffirmed)
Tier II Bonds (Under Basel III)* Aggregating Rs.2900 Crore (Reduced from Rs.3400 Crore)	CRISIL AAA/Stable (Reaffirmed)
Tier II Bonds (Under Basel III) Aggregating Rs.7900 Crore	CRISIL AAA/Stable (Reaffirmed)
Rs.1000 Crore Lower Tier-II Bonds (under Basel II)*	CRISIL AAA/Stable (Reaffirmed)
Rs.50000 Crore Certificate of Deposits (Enhanced from Rs.30000 Crore)	CRISIL A1+ (Reaffirmed)

\*Originally Issued by erstwhile Syndicate Bank

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

**Restricted**

#### Detailed Rationale

CRISIL Ratings has assigned its 'CRISIL AA+/Stable' rating to Rs 5,500 crore Tier I bonds (under Basel III) of Canara Bank. The ratings on the existing debt instruments have been reaffirmed at 'CRISIL AAA/CRISIL AA+/Stable/CRISIL A1+'. The rating on Rs 1000 crore Tier I bonds (under Basel III), Rs 1930 crore Tier I bonds (under Basel III; originally issued by Syndicate Bank) and Rs 500 crore Tier II bonds (under Basel III; originally issued by Syndicate Bank) has been withdrawn given no outstanding against the same, in line with CRISIL Rating's withdrawal policy.

The 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.

Earlier, on September 28, 2021, CRISIL Ratings had upgraded its rating on the Tier I bonds (under Basel III) of Canara Bank to 'CRISIL AA+/Stable' from 'CRISIL AA/Stable', while reaffirming 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) factored 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.

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.

Under the schemes announced by the RBI dated January 1, 2019, February 11, 2020, August 6, 2020, May 5, 2021, and the resolution framework for stressed accounts, Canara Bank had 2.6% of advances restructured as on March 31, 2022. Nevertheless, impact of any fourth wave, if and when it comes, on the collections and delinquencies will be a key monitorable.

#### 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:

[https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/CanaraBank\\_July 08, 2022\\_RR\\_298073.html](https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/CanaraBank_July 08, 2022_RR_298073.html)

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**Restricted**





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Rating Rationale

**Expectation of strong support from Gol**

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 Gol is a majority shareholder in public sector banks (PSBs) and the guardian of India's financial system. While the shareholding of Gol declined to 62.93% as on March 31, 2022 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 Gol 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, Gol allocated Rs 70,000 crore in fiscal 2020, of which Rs 6,571 crore was received. Thus, over the past three fiscals, Gol has infused around Rs 18,238 crore into the combined entity.

The bank had a networth of Rs 66,111 crore as on March 31, 2022, also supported by Rs 2,000 crore equity raised by the bank via QIP during fiscal 2021 and Rs 2,500 crore equity raised in fiscal 2022. CET1, Tier-I capital adequacy ratio (CAR) and overall CAR stood at 10.3%, 11.9% and 14.9%, 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 7.41 lakh crore and Rs 10.86 lakh crore, respectively, as on March 31, 2022. The merger of eSyndicate Bank has also strengthened the market position of the bank. It had a market share of more than 6% in advances and deposits as on March 31, 2022. It has a pan-India branch presence, with around 9,734 domestic branches and 10,817 automated teller machines (ATMs) across the country on the same date. It also has overseas branches at three 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 7.51% as on March 31, 2022 (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 were lower for fiscal 2021 at Rs 17,885 crore and further reduced to Rs 13,890 crore for fiscal 2022. The reduced slippages and hence the asset quality has also been supported by various schemes launched by the Gol and RBI, such as Emergency Credit Line Guarantee Scheme, which has benefitted the micro, small and medium enterprises (MSMEs). The restructuring schemes have also benefitted the reported NPA metrics. Canara Bank had restructured portfolio of around 2.6% of its advances as on March 31, 2022.

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 9.3%, followed by MSMEs (12.0%), agriculture (5.6%) and retail (1.3%) as on March 31, 2022.

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 since fiscal 2021. As against substantial losses incurred over the last couple of years (loss of Rs 5839 crore reported for fiscal 2020), the bank reported profit after tax (PAT) of Rs 2,558 crore during fiscal 2021 and Rs 5678 crore for fiscal 2022. 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 66.5% as on March 31, 2022, from 56.2% as on March 31, 2020, 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 119.5% as on March 31, 2022 as against the regulatory requirement of 100%. The excess statutory liquidity ratio was Rs 82,393 crore (8.0%) as on the same date. Liquidity also benefits from access to systemic sources of funds, 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 Gol
- 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**

[https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/CanaraBank\\_July 08, 2022\\_RR\\_298073.html](https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/CanaraBank_July 08, 2022_RR_298073.html)

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Rating Rationale

Set up in 1906, Canara Bank is a one of the larger PSBs. It made its initial public offering in 2002. As on March 31, 2022, 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 9,734 domestic branches and 10,817 ATMs. Additionally, it has international presence via three 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 2022, the bank reported a PAT of Rs 5,678 crore on total income (net of interest expense) of Rs 42,881 crore, as against Rs 2,558 crore and Rs 39,387 crore, respectively, for the previous fiscal

## **Key Financial Indicators**

As on/for the period March 31,		2022	2021
Total assets	Rs crore	1226980	1153675
Total income (net of interest expense)	Rs crore	42881	39347
PAT	Rs crore	5678	2558
Gross NPA	%	7.51	8.93
Overall CAR	%	14.90	13.18
RoA	%	0.5	0.2

## **Any other information:**

### **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 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 honor 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.

### **Note on complexity levels of the rated instrument:**

CRISIL Ratings' complexity levels are assigned to various types of financial instruments. The CRISIL Ratings' complexity levels are available on [www.crisil.com/complexity-levels](http://www.crisil.com/complexity-levels). Users are advised to refer to the CRISIL Ratings' complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

## **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
INE476A08084	Tier I Bonds (under Basel III)	11-Sep-20	8.30%	Perpetual	1012	Highly complex	CRISIL 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
INE476A08126	Tier I Bonds (under Basel III)	25-Oct-21	8.40%	Perpetual	1500	Highly complex	CRISIL AA+/Stable
INE476A08134	Tier I Bonds (under Basel III)	2-Dec-21	8.05%	Perpetual	1500	Highly complex	CRISIL AA+/Stable
INE476A08159	Tier I Bonds	4-Mar-22	8.07%	Perpetual	1000	Highly	CRISIL

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Rating Rationale

	(under Basel III)					complex	AA+/Stable
NA	Tier I Bonds (under Basel III) <sup>A</sup>	NA	NA	NA	63.9	Highly complex	CRISIL AA+/Stable
NA	Tier I Bonds (under Basel III) <sup>A</sup>	NA	NA	NA	5500	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	50000	Simple	CRISIL A1+
INE667A08104	Tier I Bonds (Under Basel III) <sup>*</sup>	25-Jul-17	9.80%	Perpetual	450.00	Highly complex	CRISIL AA+/Stable
INE667A08021	Tier II Bonds (Under Basel III) <sup>*</sup>	23-Mar-15	8.75%	23-Mar-25	400.00	Complex	CRISIL AAA/Stable
INE667A08039	Tier II Bonds (Under Basel III) <sup>*</sup>	28-Sep-15	8.58%	28-Sep-25	1,000.00	Complex	CRISIL AAA/Stable
INE667A08013	Tier II Bonds (Under Basel III) <sup>*</sup>	02-Dec-14	8.95%	02-Dec-24	750.00	Complex	CRISIL AAA/Stable
INE667A08047	Tier II Bonds (Under Basel III) <sup>*</sup>	18-Dec-15	8.62%	18-Dec-25	750.00	Complex	CRISIL AAA/Stable
INE667A09177	Lower Tier II Bonds (under Basel II) <sup>*</sup>	31-Dec-12	9.00%	31-Dec-22	1000.00	Complex	CRISIL AAA/Stable

<sup>A</sup>Yet to be issued

<sup>\*</sup>Originally issued by erstwhile Syndicate Bank

**Annexure - Details of Rating Withdrawn**

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity Level
INE476A08068	Tier I Bonds (under Basel III)	13-Dec-16	8.60%	Perpetual	1,000	Highly complex
INE667A08070	Tier I Bonds (Under Basel III) <sup>*</sup>	15-Jul-16	11.25%	Perpetual	930	Highly complex
INE667A08088	Tier I Bonds (Under Basel III) <sup>*</sup>	24-Oct-16	9.95%	Perpetual	1,000	Highly complex
INE667A08096	Tier II Bonds (Under Basel III) <sup>*</sup>	3-May-17	8.00%	3-May-27	500	Complex

<sup>\*</sup>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)	Proportionate	Associate

[https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/CanaraBank\\_July 08, 2022\\_RR\\_298073.html](https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/CanaraBank_July 08, 2022_RR_298073.html)

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Rating Rationale

Krishna Gramin Bank)		
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**

Instrument	Type	Current		2022 (History)		2021		2020		2019		Start of 2019
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Certificate of Deposits	ST	50000.0	CRISIL A1+		-	28-09-21	CRISIL A1+	21-12-20	CRISIL A1+	20-12-19	CRISIL A1+	CRISIL A1+
			-		-	01-07-21	CRISIL A1+	07-12-20	CRISIL A1+	05-09-19	CRISIL A1+	-
			-		-	02-03-21	CRISIL 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		-	28-09-21	CRISIL AAA/Stable	21-12-20	CRISIL AAA/Negative	27-03-19	Withdrawn	CRISIL AAA/Stable
			-		-	01-07-21	CRISIL AAA/Stable	07-12-20	CRISIL AAA/Negative	29-01-19	CRISIL AAA/Stable	-
			-		-	02-03-21	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	CRISIL AAA/Stable
			-		-		-	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	12950.0	CRISIL AA+/Stable		-	28-09-21	CRISIL AA+/Stable	21-12-20	CRISIL AA/Negative	20-12-19	CRISIL AA/Watch Developing	CRISIL AA/Negative
			-		-	01-07-21	CRISIL AA/Stable	07-12-20	CRISIL AA/Negative	05-09-19	CRISIL AA/Stable	-
			-		-	02-03-21	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	10800.0	CRISIL AAA/Stable		-	28-09-21	CRISIL AAA/Stable	21-12-20	CRISIL AAA/Negative	20-12-19	CRISIL AAA/Watch Developing	CRISIL AAA/Stable
			-		-	01-07-21	CRISIL AAA/Stable	07-12-20	CRISIL AAA/Negative	05-09-19	CRISIL AAA/Stable	-
			-		-	02-03-21	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		-		-	02-03-21	Withdrawn	21-12-20	CRISIL AAA/Negative	20-12-19	CRISIL AAA/Watch Developing	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	-

All amounts are in Rs. Cr.

**Criteria Details**

Links to related criteria

[https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/CanaraBank\\_July 08, 2022\\_RR\\_298073.html](https://www.crisil.com/mnt/winshare/Ratings/RatingList/RatingDocs/CanaraBank_July 08, 2022_RR_298073.html)

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<a href="#">Rating Criteria for Banks and Financial Institutions</a>
<a href="#">Rating criteria for Basel III - compliant non-equity capital instruments</a>
<a href="#">Criteria for Notching up Stand Alone Ratings of Entities Based on Government Support</a>
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ANNEXURE-II

**RATING LETTER & RATIONALE FROM INDIA RATINGS AND RESEARCH LIMITED**



Mr. V Ramachandra  
Chief General Manager  
Canara Bank,  
Financial Management & Subsidiaries Wing,  
Head Office, 112 J C Road  
Bengaluru - 560002

July 12, 2022

Dear Sir/Madam,

Re: Rating Letter of Canara Bank

India Ratings and Research (Ind-Ra) has taken the following rating actions on Canara Bank (Canara):

Instrument Type	Date Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
Long-Term Issuer Rating	-	-	-	-	IND AAA/Stable	Affirmed
Basel III AT1 bonds*^	-	-	-	INR55	IND AA+/Stable	Assigned
Basel III AT1 bonds*	-	-	-	INR89	IND AA+/Stable	Affirmed
Basel III Tier 2 instruments*	-	-	-	INR109 (reduced from INR114)	IND AAA/Stable	Affirmed

\* Details in annexure

^ Yet to be issued

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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](mailto:info@indiaratings.co.in)

Sincerely,

India Ratings



Jatin Nanaware  
Director

K. Gupta  
Karan Gupta  
Director

CanaraBank

12-July-2022

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Annexure: Facilities Breakup

Instrument Type	ISIN	Issue Size (billion)	Date of allotment/issuance	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)	INB476A09264	INR15	31-Dec-15	INR15	Annual	8.4	31-Dec-25	31-Dec-25	IND AAA/Stable
BASEL III TIER II Bonds 2015-16 (Series II)	INB476A08043	INR9	7-Jan-16	INR9	Annual	8.4	7-Jan-26	7-Jan-26	IND AAA/Stable
BASEL III COMPLIANT TIER II Bonds 2016-17	INB476A08050	INR30	27-Apr-16	INR30	Annual	8.4	27-Apr-26	27-Apr-26	IND AAA/Stable
Basel complaint III Tier II bonds	INB667A08096	INR5	3-May-17	INR5	Annual	8	3-May-27	3-May-27	WD
Basel III Compliant Tier II Bonds 2019-20	INB476A08076	INR30	11-Mar-20	INR30	Annual	7.18	11-Mar-30	11-Mar-30	IND AAA/Stable
Basel complaint III Tier II bonds	INB476A08142	INR 25	24-Dec-21	INR 25	Annual	7.09	24-December-36; but call option - 24 December 2031	24 December 2036	IND AAA/Stable
Utilised				INR 109					
Limit									
Total				INR 109					

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Basel III AT1 bonds									
BASEL III COMPLIANT ADDITIONAL TIER I	INB476A08068	INR10	13 December 2016	INR10	Annual	8.6	Perpetual Bond - Call Option-	Perpetual	WD
							13 December 2021)		
BASEL III COMPLIANT ADDITIONAL TIER I	INB476A08035	INR15	5-Mar-15	INR15	Annual	9.55	Perpetual Bond - Call Option-	Perpetual	IND AA+/Stable
							5-Mar-25		
Basel III AT1 perpetual bonds	INB667A08104	INR4.5	25 July 2017	INR4.5	Annual	9.8	NIL	Perpetual	IND AA+/Stable
Basel III AT1 perpetual bonds	INB476A08084	INR 10.12	11-Sep-20	INR 10.12	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	INB476A08092	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 Compliant Additional Tier I S III	INB476A08100	INR 16.35	31-Dec-20	INR 16.35	Annual	8.5	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA+/Stable
Basel III							Perpetual Bond - Call option after the bond		

CanaraBank

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Compliant Additional Tier I S IV	INB476A08118	INR 1.2	2-Feb-21	INR 1.2	Annual	8.3	run for at least five years	Perpetual	IND AA+/Stable
Basel III AT1 perpetual bonds	INB476A08126	INR 15	25-Oct-21	INR 15	Annual	8.4	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA+/Stable
Basel III AT1 perpetual bonds	INB476A08134	INR 15	2-Dec-21	INR15	Annual	8.05	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA+/Stable
Basel III AT1 perpetual bonds	INB476A08159	INR10	4-Mar-22	INR10	Annual	8.07	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA+/Stable
	Utilised			INR88.861					
	limit								
	Unutilised			INR55.139					
	limit								
	Total			INR144.0					

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## India Ratings Assigns Canara Bank's Basel 3 Tier 1 Bonds 'IND AA+/Stable'; Affirms Existing Ratings

Jul 12, 2022 | Banks

India Ratings and Research (Ind-Ra) has taken the following rating actions on Canara Bank (Canara):

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
Long-Term Issuer Rating	-	-	-	-	IND AAA/Stable	Affirmed
Basel III AT1 bonds <sup>*^</sup>	-	-	-	INR55	IND AA+/Stable	Assigned
Basel III AT1 bonds <sup>*</sup>	-	-	-	INR89	IND AA+/Stable	Affirmed
Basel III Tier 2 instruments <sup>*</sup>	-	-	-	INR109 (reduced from INR114)	IND AAA/Stable	Affirmed

\* Details in annexure

<sup>^</sup> Yet to be issued

**Analytical Approach:** Ind-Ra continues to take a consolidated view of Canara and its subsidiaries while arriving at the ratings.

The affirmation of the Long-Term Issuer Rating factors in Canara's systemically important position and the likelihood of the bank continuously receiving support from the government of India (GoI). The rating also considers Canara's demonstrated moderate equity raising ability and the likelihood of continued and improved profitability over FY23-FY24, which 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

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probability of an ultimate loss for investors in these bonds.

## Key Rating Drivers

**Systemic Importance:** Canara is the fourth-largest public sector bank 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 stood at 6.1% at FYE22 (FYE20: 6.3%) and that in deposits stood at 6.7% (6.9%). At FYE22, the bank was the fourth-largest in terms of the number of states, union territories and districts where it was a lead bank; this, in the agency's view, is an indicator of its role in financial inclusion in the country. The amalgamated bank has 9,734 branches, three international branches, 10,817 automated teller machines. Among its peers, Canara's common equity tier 1 (CET1), which has been the lowest over the last few years, has increased materially, given the bank's enhanced ability to raise equity from the markets. While Canara received a capital infusion of INR48.6 billion from the GoI in FY18 and INR65 billion in 1HFY20, it also raised about INR45 billion of equity from the market during 2HFY21-1HFY22.

**Medium-Term Capital Plans:** Canara's CET1 increased to 10.26% at end-FY22 (end-FY21: 8.61%) on the back of 0.48% return on assets, steady risk weighted assets, with about 10% growth in advances, the utilisation of deferred tax assets, and equity raised from markets. Its tier 1 increased to 11.91% in FY22 (FY21: 10.08%). The risk weighted assets to gross advances decreased to about 72.6% in FY22 (FY21: 78.5%), and this also contributed to capital efficiency. Its capital levels are comparable to peers and even larger PSBs. Canara's provision cover (excluding technical write-offs) stood at 66.5% at FYE22. Ind-Ra believes the manageable asset quality would enable the bank to maintain relatively material profitability compared to its previous performance though FY23-FY24 (return on assets likely to be around 0.4%). This combined with further utilisation of deferred tax assets would help Canara to at least maintain its capital levels. Ind-Ra believes the existing capital buffers are adequately placed to also absorb asset quality shocks. Even after factoring in the elevated provisioning requirements in FY23 on account of the pandemic, the agency believes that the capital buffers would be materially higher than regulatory requirements. The bank plans to raise INR90 billion of basel 3 tier 1 and tier 2 capital, most of which will be incremental capital. This would increase the capital to risk assets ratio by about 1.5% in FY23. Canara does not have plans to raise additional equity capital.

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**Deposit Profile Improved, But Could Come Under Pressure:** Canara's low-cost current account and savings account (CASA) deposits increased to about 34% at FYE22 (FYE21: 34%, FYE20: 31%). The CASA of the bank is the lowest among peer public sector banks, and the bank has been ceding CASA market share. The CASA grew at about 11% yoy in FY22; the deposits grew by about 7.5%, fixed deposits by about 4.2%, and advances grew by about 10%, indicating that the bank would need to increase deposit rates to bring the deposit growth rate close to the likely growth in advances, this could lead to a deterioration in the CASA. The bank's cost of domestic deposits at 4QFYE22 was about 4.12%, marginally higher than that of peer banks. The rise in deposit rates for Canara could be higher than that for peer banks.

**Liquidity Indicator – Adequate:** The bank's asset-liability management for May 2022 demonstrated a matched asset liability funding gap; the excess of short-term assets over short term liabilities was nearly nil, displaying a substantial and sustained improvement from the funding gap of about 12% in FY18. Canara's excess statutory liquidity qualifying securities of about INR830 billion also provide substantial liquidity comfort in addition to the mandatory cash reserve and statutory liquidity ratio requirements. Canara's average liquidity coverage stood at 119.5% at end-March 2022, higher than the minimum regulatory requirement but lower than that of peer banks.

**Material Profitability in FY22; Treasury Income to Come Under Pressure:** Canara reported a modest profit of about INR56.8 billion in FY22 (FY21: INR25.57 billion; FY20: INR58.38 billion), mainly backed by the decline in credit costs and continued high profits from treasury operations (FY22: INR 54 billion; FY21: INR 49 billion). Given the overall interest rate environment, Ind-Ra expects significant adverse impact on treasury income (modified duration of about 2.2 years on the available for sale portfolio of about INR450 billion), at least in FY23. The restructured assets, loans under special mention accounts and loans supported by emergency credit line guarantee scheme could prevent a significant decline in credit costs from FY22 levels. However, the provisions (net of technical write offs), at about 66%, are lower than that for peer banks (about 70%), and hence, the bank would need to catch up. Ind-Ra expects the bank to continue to face credit costs

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of 2%-2.5% per year in FY23 and FY24. The bank has closed about 9% of its branches in FY22 and 12% of its ATMs – this could result in lower operating costs. Canara might be able to maintain its profitability in the short term, as the net interest margins could expand as the rise in deposit rate could lag the increase in the loan yields.

**Asset Quality – COVID-19 Aftermath Could Play Out but Would be Manageable Overall:** Canara has about 2.7% loans that have been restructured and about INR0.4 trillion loans that have been, in the agency's opinion, supported by ECLGS. The bank also has special mention accounts loans of about INR0.5 trillion (there could be an overlap amongst the three categories). Canara witnessed a gross slippage of about 2.7% in FY22, and this might not see a material decline in FY23. However, on a net basis (gross slippage less upgrades and recoveries), the bank has seen a net slippage of 0.7%, and Ind-Ra expects this to increase modestly in FY23. Ind-Ra also expects the gross non-performing assets and net non-performing assets to increase (from 7.51% and 2.65%, respectively) marginally in FY23 if write-offs are at FY22 levels; however, the increase might not be substantial and asset quality would be manageable on an overall basis.

## Rating Sensitivities

**Negative:** Canara's Basel III Tier 2 bond ratings have been equated to its Long-Term Issuer Rating, which could change if, in Ind-Ra's opinion, there is a change in the Gol's support stance for public sector banks or there is material drop in the banks' systemic importance, which could, among other things, reflect in a material decline in Canara's market share or loss of deposit franchise.

The notching of the AT1 bonds could be widened from its anchor ratings if Ind-Ra believes that there is a dilution in the government's support stance towards hybrid instruments of public sector banks or any delay in the timeliness of extending this support. This could reflect among other things in capital buffers continuing to be close to the regulatory levels. Ind-Ra also expects that for banks with weaker unsupported profiles, the capital buffers would be higher; if not, it could reflect in wider notching from the Long-Term Issuer Rating. These capital buffers could be important as the banks' ability to service the instrument could be impaired in the event of the bank making losses and/or if the capital levels are lower than the regulatory minimum levels.

## ESG Issues

**ESG Factors Minimally Relevant to Rating:** Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on Canara, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

## Company Profile

Canara has a pan-India presence, with the third-largest network of more than 8,957 domestic branches at FYE22. Of its branches, 60% are based in rural and semi-urban areas, supporting the Gol's initiative of banking for all.

### FINANCIAL SUMMARY

Particulars (INR billion)	FY22	FY21
Net advances	7,036.01	6,390.49
Total deposits	10,864.09	10,108.75
Net income/loss	56.8	25.57
CET I (%)	10.26	8.61

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Capital adequacy ratio (%)	14.9	13.18
Source: Canara, Ind-Ra		

## Solicitation Disclosures

Additional information is available at [www.indiaratings.co.in](http://www.indiaratings.co.in). The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

## Rating History

Instrument Type	Current Rating/Outlook			Historical Rat				
	Rating Type	Rated Limits (billion)	Rating	14 December 2021	16 November 2021	1 July 2021	22 December 2020	14 October 2020
Issuer rating	Long-term	-	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Negative	IND AAA/Neg
Basel III Tier 2 instrument	Long-term	INR109	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Negative	IND AAA/Neg
Basel III AT1 bonds	Long-term	INR144	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA/Stable	IND AA/Stable	IND AA/Stab

## Annexure

Instrument Type	ISIN	Issue Size (billion)	Date of allotment/issuance	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	3 May 2027	3 May 2027	WD
Basel III Compliant Tier II Bonds 2019-20	INE476A08076	INR30	11 March 2020	INR30	Annual	7.18	11 March 2030	11 March 2030	IND AAA/Stable
Basel III-complaint Tier II bonds	INE476A08142	INR 25	24 December 2021	INR 25	Annual	7.09	24-December-36; but call option - 24 December 2031	24 December 2036	IND AAA/Stable
	Utilised				INR 109				
	Limit								
	Total				INR 109				

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Basel III AT1 bonds									
BASEL III COMPLIANT ADDITIONAL TIER 1	INE476A08068	INR10	13 December 2016	INR10	Annual	8.6	Perpetual Bond - Call Option- 13 December 2021	Perpetual	WD
BASEL III COMPLIANT ADDITIONAL TIER 1	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	INE667A08104	INR4.5	25 July 2017	INR4.5	Annual	9.8	NIL	Perpetual	IND AA+/Stable
Basel III AT1 perpetual bonds	INE476A08084	INR 10.12	11 September 2020	INR 10.12	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 Compliant Additional Tier 1 S III	INE476A08100	INR 16.35	31 December 2020	INR 16.35	Annual	8.5	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA+/Stable
Basel III Compliant Additional Tier 1 S IV	INE476A08118	INR 1.2	2 February 2021	INR 1.2	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	INE476A08126	INR 15	25 October 2021	INR 15	Annual	8.4	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA+/Stable
Basel III AT1 perpetual bonds	INE476A08134	INR 15	2 December 2021	INR15	Annual	8.05	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA+/Stable
Basel III AT1 perpetual bonds	INE476A08159	INR10	4 March 2022	INR10	Annual	8.07	Perpetual Bond - Call option after the bond run for at least five years	Perpetual	IND AA+/Stable
Utilised				INR88.861					
Limit									
Unutilised				INR55.139					
Limit									
Total				INR144.0					

## Complexity Level of Instruments

Instrument Type	Complexity Indicator
Basel III AT1 bonds	High
Basel III Tier 2 bonds	Moderate

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

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**Contact**

**Primary Analyst**

Jindal Haria

Director

India Ratings and Research Pvt Ltd

Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400051

+91 22 40001750

For queries, please contact: [infogrp@indiaratings.co.in](mailto:infogrp@indiaratings.co.in)

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ANNEXURE-III

**Consent Letter from Debenture Trustee**



SBICAP Trustee Company Ltd.

Annexure A

Ref No. 2074/2022-2023 /CL-

08<sup>th</sup> July, 2022

Canara Bank  
Integrated Treasury Wing,  
6th Floor Canara Bank Building,  
C-14, G -Block, BKC  
Bandra Kurla Complex, Mumbai - 400 051

Dear Sir,

**Sub: - Commercial Consent to act as Debenture Trustee for Basel III Compliant Additional Tier I Listed, Unsecured Bonds up to Rs 5,500 crore in one or more tranches.**

This is with reference to your email dated 08<sup>th</sup> July, 2022 and our subsequent discussion in the matter for the appointment of SBICAP Trustee Company Limited as Debenture Trustee for your proposed Listed Unsecured, Basel III Compliant Additional Tier 1 up to Rs. 5,500 crore in one or more tranches. **In this connection, we hereby give our consent to act as Debenture / Bond Trustee and confirm our acceptance to the assignment.**

We are aggregable for inclusion of our name as Trustee in the Private Placement Memorandum / Information Memorandum to be issued by the Company on private placement basis to the certain identified person in terms of the Companies Act, 2013, as required subject to following conditions: -

1. The Company shall enter into the written Debenture Trustee Agreement (DTA) for the said issue before the opening of subscription list for issue debentures. The Debenture Trust Deed shall be executed by the Company within a period of 4 days from the date of closure of issue. Further, Company shall also list the debentures on the Stock Exchange within a period of 4 working days from the date of closure of debenture issue.
2. The Company agrees and undertakes that it shall comply with the provisions of the SEBI regulations / Companies Act, 2013 read with the rules and regulations framed thereunder and the applicable provisions of the rules and regulations framed under the Reserve Bank of India Act, till the final redemption of the NCD being issued by the Company.
3. The Company agrees and undertakes to pay to the debenture trustee so long as they hold the office of the debenture trustee, remuneration as stated in the fee consent letter dated 08<sup>th</sup> July, 2022 in addition to all the legal, travelling and other cost, charges and expenses which the debenture trustee or their officers, employees or agents may incur in relation to execution of the debenture trust deed and all other documents affecting the securities till the monies in respect of the debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respect, have been complied.



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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4. Any payment in respect of debentures required to be made by the debenture trustee to debenture holder (who is FII Entity) at the time / post enforcement would, if required by applicable law, be subject to the prior approval of RBI for such remittance through an Authorized Dealer only. The Company / Investor / Debenture Holders shall obtain all such approvals from RBI, if required, to ensure prompt and timely payments to the said debenture holders. Such remittance shall not exceed total investment (and interest provided herein) made by the debenture holder (who is FPI).
5. The Company confirms that all necessary disclosures shall be made in the Private Placement Memorandum / Information Memorandum including but not limited to statutory and other regulatory disclosures. Investor should carefully read and note the contents of the Private Placement Memorandum / Information Memorandum. Each prospective investor should make its own independent assessment of the merits of the investment in NCDs and the Issuer Company. Prospective Investor should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the NCDs and should possess the appropriate resources to analyze such investment and suitability of such investment to such investor's particular circumstance. Prospective investors are required to make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt market and are able to bear the economic risk of investing in such instruments.
6. The Trustee, "ipso facto" do not have the obligations of a borrower or a Principal Debtor or a Guarantor as to the monies paid / invested by the investors for the debentures being issued by the Issuer Company.

Looking forward to a fruitful association with you and assuring you of our best professional services at all times.

With warm regards,  
Yours faithfully,

For SBICAP Trustee Company Limited

Aditya Kapil  
Vice President (Head) – Operation & Marketing

We accept the above terms  
For Canara Bank

Authorised Signatory  
(Signature with stamp)

PLACEMENT MEMORANDUM  
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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 / BS/ 5752 / 2022-23

Date: 11th July, 2022

The Senior Manager  
Canara Bank  
Integrated Treasury Wing,  
6<sup>th</sup> Floor, B-Wing, C -14, G Block,  
BKC, Bandra (East)  
Mumbai - 400051

Kind Attn: Ms. D Sai Lakshmi Sirisha  
Senior Manager

Dear Madam,

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SUB: ISSUE OF PRIVATE PLACEMENT BASEL – III COMPLIANT  
TIER I BONDS FOR Rs. 5500 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 17<sup>th</sup> October, 2020.

Assuring our best attention and services always.

Thanking you,

Yours faithfully  
for CANBANK COMPUTER SERVICES LTD

R RAGHUVeer

Vice President - Projects



PLACEMENT MEMORANDUM  
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ANNEXURE-V  
Application Form



Addressed to: Canara Bank  
(A Government of India Undertaking)

T & I Division, Integrated Treasury Wing, Canara Bank Building, 6<sup>th</sup> 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](mailto:tidmum@canarabank.com) ; Website: [www.canarabank.com](http://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

To,

CANARA BANK

Dear Sir,

Having read, understood and agreed to the contents and terms and conditions of CANARA BANK'S Placement Memorandum dated 13.07.2022, 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.

Investment Details

DP Details

**PLACEMENT MEMORANDUM**  
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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	8.24% p.a	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**

--	--

**Second Applicant's Name**

--	--

**Third Applicant's Name**

--	--





All Address (Do not Repeat Name)																												
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	Restricted		
		Name of the authorized signatory(ies)	Designation	Signature

Date:-- / -- / 2022

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

### Acknowledgment Slip

Application Form Serial No.: [ ]

<p><b>CANARA BANK</b>  T &amp; I Division, Integrated Treasury Wing, Canara Bank  Building, 6<sup>th</sup> 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:  <a href="http://www.canarabank.com">www.canarabank.com</a></p>	
<p>(To be filled in by the Applicant)  Received  from _____  _____  Address _____  _____  an application for _____ Bonds vide UTR No.  _____  Drawn  on _____  _____  Dated _____ amounting to Rs.</p>	<p><b>All future communication in connection with this application should be</b>  addressed to the Registrars: M/s. Canbank Computer Services Ltd [Address: R &amp; T Center, #218, JP Royale, 1<sup>st</sup> Floor, 2<sup>nd</sup> Main, Sampige Road, (near 14<sup>th</sup> Cross), Malleswaram, Bengaluru - 560 003; Tel: (080) 23469661/62 &amp; 23469664/65; Fax: (080)23469667; E-mail: canbankrta@cssl.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**  
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**INSTRUCTIONS**

- 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.

--	--	--	--	--	--	--	--	--	--

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.

- Application forms duly completed in all respects must be submitted with the Bank.
- 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

- Cheques, Demand Draft, Cash, Money Orders, Postal Orders shall not be accepted.
- 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.
- Receipt of applications shall be acknowledged by the Bank in the "Acknowledgment Slip", appearing below the Application Form. No separate receipt will be issued.
- 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.
- The application would be accepted as per the terms outlined in the Placement Memorandum dated 13.07.2022
- 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;



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- 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/5038

July 13, 2022

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

Kind Attn.: Shri Vinay Mohita

Dear Sir,

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

This is with reference to your application dated July 13, 2022 requesting for in-principle approval for the proposed listing of unsecured, perpetual, non-cumulative, taxable, subordinated, fully paid-up, 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. 150000 lakhs, aggregating to total issue size of Rs. 200000 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 includes the following Disclaimer Clause as given below in the Offer Document after the SEBI disclaimer clause:

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“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/5038 dated July 13, 2022 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.

This Document is Digitally Signed

National Stock Exchange of India Limited | Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051  
India +91 22 25592100 | www.nseindia.com | CIN U67120MH1992PLC069769



Digitally signed by Shri Vinay Mohita  
Date: Wed, Jul 13, 2022 16:26:54 IST  
Location: NSE

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Continuation Sheet

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”

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 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 EBP's within one working day of allotment of securities. The details can be uploaded using the following links:

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

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Kindly note, this Exchange letter should not be construed as approval under any other Act /Regulation/Rule/Bye laws (except as referred above) for which the Company may be required to obtain approval from other department(s) of the Exchange. The Company is requested to separately take up matter with the concerned departments for approval, if any.

Yours faithfully,  
For National Stock Exchange of India Limited

Apurva Meghraj  
Manager

This Document is Digitally Signed



Signer: Apurva Jawahir Meghraj  
Date: Wed, Jul 13, 2022 16:26:54 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	19-07-2022
Call option Date	19-07-2027 (or any anniversary date thereafter, subject to Tax Call/ Regulatory Call, For details refer Term sheet)
Redemption Date	Perpetual
Coupon Rate	8.24% p.a.
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 <sup>st</sup> Coupon Payment	Wednesday, 19 Jul, 2023	Wednesday, 19 Jul, 2023	365	8,24,000
2 <sup>nd</sup> Coupon Payment	Friday, 19 Jul, 2024	Friday, 19 Jul, 2024	366	8,24,000
3 <sup>rd</sup> Coupon Payment	Saturday, 19 Jul, 2025	Saturday, 19 Jul, 2025	365	8,24,000
4 <sup>th</sup> Coupon Payment	Sunday, 19 Jul, 2026	Monday, 20 Jul, 2026	365	8,24,000
5 <sup>th</sup> Coupon Payment	Monday, 19 Jul, 2027	Monday, 19 Jul, 2027	365	8,24,000
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 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.
- 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 redemption date, along with interest accrued on the bonds until but excluding the date of such payment.
- 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 in functioning in Mumbai.
- Interest payments will be rounded off to the nearest rupee as per the FIMMDA Handbook on market practices.



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**Scenario 2: Assuming Call Option is exercised at the end of the 5<sup>th</sup> 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 <sup>st</sup> Coupon Payment	Wednesday, 19 Jul, 2023	Wednesday, 19 Jul, 2023	365	8,24,000
2 <sup>nd</sup> Coupon Payment	Friday, 19 Jul, 2024	Friday, 19 Jul, 2024	366	8,24,000
3 <sup>rd</sup> Coupon Payment	Saturday, 19 Jul, 2025	Saturday, 19 Jul, 2025	365	8,24,000
4 <sup>th</sup> Coupon Payment	Sunday, 19 Jul, 2026	Monday, 20 Jul, 2026	365	8,24,000
5 <sup>th</sup> Coupon Payment	Monday, 19 Jul, 2027	Monday, 19 Jul, 2027	365	8,24,000
Principal Redemption of Principal on account of exercise of Call Option*.	Monday, 19 Jul, 2027	Monday, 19 Jul, 2027	365	100,00,000

**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 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 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 in 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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Annexure - VIII

Audited Financial Statement on Standalone and Consolidated basis for a period of three completed years with Auditor's Report along with the requisite schedules, foot notes, summary etc.

ANNUAL REPORT 2021-22

<https://canarabank.com/media/8596/Annual%20Report%202021-22.pdf>

ANNUAL REPORT 2020-21

<https://canarabank.com/media/4550/ANNUALREPORT2020-21.pdf>

ANNUAL REPORT 2019-20

<https://canarabank.com/media/ANNUALREPORT2019-20.pdf>

Last three years financial Statements links:

2021-22

<https://canarabank.com/media/8596/OBM75221.pdf>

2020-21

<https://canarabank.com/media/2071/Results3103.pdf>

2019-20

<https://canarabank.com/media/finresults31032020.pdf>

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