

IV. SUMMARY TERM SHEET FOR THE ISSUE

Security Name	8.40% CANARA BANK Tier 2 Bonds 2016-17
Issuer	Canara Bank (“CB”/ the “Bank”/ the “Issuer”)
Type of Instrument	Unsecured, Non-Convertible, Redeemable Basel-III Compliant Tier 2 Bonds in the nature of Debentures of Rs 10 Lakh each
Nature Of Instrument	Unsecured
Seniority of the Bonds	<p>The claims of the Bondholders in the Bonds shall be –</p> <ul style="list-style-type: none"> (i) senior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital of the Bank; (ii) subordinate to the claims of all depositors and general creditors of the Bank; (iii) neither secured nor covered by a guarantee of the Bank or related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis creditors of the Bank.
Mode of Issue	Private placement in demat form.
Eligible Investors	<ul style="list-style-type: none"> a) Mutual Funds; b) Public Financial Institutions as defined under the Companies Act; c) Scheduled Commercial Banks; d) Insurance Companies; e) Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds; f) Co-operative Banks; g) Regional Rural Banks authorized to invest in bonds / debentures; h) Companies and Bodies Corporate authorized to invest in bonds / debentures; i) Trusts authorized to invest in bonds / debentures and j) Statutory Corporations / Undertakings established by Central / State legislature authorized to invest in bonds / debentures etc. <p>This Issue is restricted only to the above class of investors. However, out of the aforesaid class of applicants eligible to invest, this Disclosure Document is intended solely for the use of the person to whom it has been sent by the Bank for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons.</p>

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

	The Bank undertakes that proceeds of the present issue shall not be used for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the RBI / SEBI / Stock Exchange(s).
Coupon Rate	8.40%
Coupon Type	Fixed
Step Up/ Step Down Coupon Rate	None
Coupon Payment Frequency	Annual
Coupon Reset Process (including rates, spread, effective date, interest rate cap & floor etc)	Not Applicable
Coupon Payment Dates	Annually
Day Count basis	Actual / Actual.
Interest on Application Money	<p>This shall be paid at the coupon rate (subject to deduction of Income Tax as per the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer's Bank Account upto one day prior to the Deemed Date of Allotment.</p> <p>The interest on application money will be computed as per Actual/ Actual day count convention. Such interest would be paid on all valid applications, including the refunds. Where the entire subscription amount has been refunded, the interest on application money will be paid along with the Refund Orders. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money.</p> <p>TDS will be deducted at the applicable rate on interest on application money.</p> <p>The refund amounts together with interest thereon shall be paid by the Issuer to the relevant applicants within 15 days from the Deemed Date of Allotment.</p>

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

Issuance mode of the Bond	In Demat mode only.
Trading mode of the Bond	In Demat mode only
Settlement mode of the Bond	Payment of interest and repayment of principal amount shall be made by the Bank by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT mechanism.
Depository	NSDL and CDSL.
Business Day Convention	“Business Day” shall be all days (excluding Sundays and Public Holidays and Saturdays on which the Bank is not open) on which commercial banks are open for business in the city of Bengaluru, Karnataka.
Effect of Holiday	<p>If any Coupon Payment Date falls on a day which is not a Business Day, the payment of coupon shall be made by the Bank on the immediately succeeding Business Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.</p> <p>If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Bank on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.</p>
Record Date	<p>15 days prior to the relevant Coupon Payment Date/ Redemption Date.</p> <p>In the event the Record Date falls on a day which is not a Business Day, the next business day will be considered as the Record Date.</p>
Security	Unsecured
Transaction Documents	<p>The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:</p> <ol style="list-style-type: none"> Letter appointing Trustee to the Bondholders Debenture Trusteeship Agreement / Debenture Trust Deed; Letter appointing Registrar and Agreement entered into between the Issuer and the Registrar; Rating Agreement with CRISIL Limited, ICRA Limited and India Ratings & Research Private Limited; Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form; Tripartite Agreement between the Issuer; Registrar and CDSL for issue of Bonds in dematerialized form; Letter appointing Arranger(s) to the Issue; Application made to NSE for seeking its in-principle approval for listing of Bonds

	i) Listing Agreement with NSE.
Conditions precedent to subscription of Bonds	<p>The subscription from applicants shall be accepted for allocation and allotment by the Issuer subject to the following:</p> <ol style="list-style-type: none"> Rating letter from CRISIL Limited, ICRA Limited & India Rating & Research Private Limited not being more than one month old from the issue opening date; Consent letter from the Trustees to act as Trustee to the Bondholder(s); Letter from NSE conveying in-principle approval for listing & trading of Bonds
Conditions subsequent to subscription of Bonds	<p>The Issuer shall ensure that the following documents are executed/ activities are completed as per terms of this Disclosure Document:</p> <ol style="list-style-type: none"> Credit of demat account(s) of the Allottee(s) by the number of Bonds allotted within 2 working days from the Deemed Date of Allotment; Making application to NSE within 15 days from the Deemed Date of Allotment to list the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of bonds in pursuant to SEBI Debt regulation; and: Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Disclosure Document.
Events of Default and Treatment in Bankruptcy/ Liquidation	The Bondholder shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation of the Issuer.
Provisions related to Cross Default	Not applicable.
Role and Responsibilities of Debenture Trustee	The Trustee shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debentures Trustees) Regulation, 1993, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents,

	<p>with due care, diligence and loyalty.</p> <p>The Trustee shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds, in accordance with applicable laws. The Trustee shall ensure disclosure of all material events on an ongoing basis.</p> <p>The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. and further, the Bank shall submit to the Trustee such other information required to be furnished by the Bank pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 within the timelines specified therein. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustee and the Trustees shall be obliged to share the details so submitted with all “Qualified Institutional Buyers” (QIBs) and other existing bondholder(s) within two working days of their specific request.</p>
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of District Courts of Bengaluru, Karnataka.
Convertibility of Bonds	Non-Convertible
Condition to Redemption	The Bonds shall be redeemed at par along with interest accrued till one day prior to the Redemption Date, as per the terms of the Disclosure Document.
Loss Absorbency	The Bonds shall be subjected to loss absorbency features applicable for non-equity capital instruments vide RBI Master Circular No. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 on Basel III capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital (Annex 5) and minimum requirements to ensure loss absorbency of additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the Point of Non-viability (“PONV”) (Annex 16).

	Accordingly, the Bonds at the option of RBI, shall be permanently written off on the occurrence of the trigger event called the Point of Non Viability (PONV).
PONV	<p>The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent), at the option of the RBI, can be written off upon the occurrence of the trigger event, called “Point of Non-Viability Trigger” (PONV Trigger)</p> <p>The PONV Trigger event shall be the earlier of:</p> <p>a) a decision that the permanent write off, without which the Bank would become non-viable, is necessary, as determined by the Reserve Bank of India; and</p> <p>b) the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the relevant authority. Such a decision would invariably imply that the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.</p> <p>For this purpose, the Bank may be considered non-viable if:</p> <p>The Bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the Reserve Bank of India unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by the Bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 Capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures would include permanent write-off in combination with or without other measures as considered appropriate by the Reserve Bank of India (RBI).</p> <p>The Bank facing financial difficulties and approaching a PONV shall be deemed to achieve viability if within a reasonable time in the opinion of RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including write-off/public sector injection of funds are likely to:</p> <p>a) Restore confidence of the depositors/ investors;</p> <p>b) Improve rating/ creditworthiness of the bank and thereby</p>

	<p>improving its borrowing capacity and liquidity and reduce cost of funds; and</p> <p>c) Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.</p> <p>The amount to be written-off will be determined by RBI. The trigger at PONV will be evaluated both at consolidated and solo level and breach at either level may trigger write-off.</p>
Other Events or Treatment in the event of Winding-Up, Amalgamation, Acquisition, Re Constitution etc. of the Bank	<p><i>Treatment of Bonds in the event of Winding-Up:</i></p> <ol style="list-style-type: none"> If the Bank goes into liquidation before the Bonds have been permanently written-off, these Bonds will absorb losses in accordance with the order of Seniority indicated in the Information Memorandum and as per usual legal provisions governing priority of charges; If the Bank goes into liquidation after the Bonds have been permanently written-off, the holders of these instruments will have no claim on the proceeds of liquidation. <p><i>Amalgamation of a banking company (section 44A of the Banking Regulations Act, 1949):</i></p> <ol style="list-style-type: none"> If the Bank is amalgamated with any other bank before the Bonds have been permanently written-off, the Bonds will become part of the corresponding categories of regulatory capital of the new bank emerging after the merger. If the Bank is amalgamated with any other bank after the Bonds have been written-off permanently, these cannot be written-up by the amalgamated entity. <p><i>Scheme of reconstitution or amalgamation of a banking company</i></p> <p>If the relevant authorities decide to reconstitute the Bank or amalgamate the Bank with any other bank under the Section 45 of BR Act, 1949, the Bank will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the trigger at the point of non-viability for write-off of the Bonds will be activated. Accordingly, the Bonds will be fully written-off permanently before amalgamation / reconstitution in accordance with these rules.</p> <p>The Order of write-off of the present Tier 2 Bonds vis-à-vis other capital instruments which the Bank has already issued or may issue in future, will be in accordance with the order of “Seniority of the</p>

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

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

	capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital (Annex 5) and minimum requirements to ensure loss absorbency of additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the PONV (Annex 16).
Prohibition on Purchase / Funding of Instruments	Neither the Bank nor a related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards) shall purchase the Bonds, nor shall the Bank directly or indirectly fund the purchase of the Bonds. The Bank shall also not grant advances against the security of the Bonds issued by it.