

Brickwork Ratings has assigned '**BWR AAA**' (Pronounced BWR Triple A) (Outlook: STABLE) rating to the captioned Debt issue programme of the Bank. Instruments carrying this rating are considered to offer the Best Credit Quality in terms of timely servicing of debt obligations.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future.

The rating rationale issued by CRISIL & Brickwork are annexed to the Disclosure Document.

#### **RATING DETAILS / DECLARATION**

#### **BRICKWORK RATINGS**

Assigned BWR AAA (Pronounced BWR Triple A) for Rs.1000 crore vide letter dated 24th September 2010 is valid for a year.

#### **CRISIL RATINGS**

Assigned "AAA Stable (pronounced "Triple A with stable outlook) for Rs.10.00 Billion vide letter dated September 24th 2010 is valid for 180 days.

#### **XXI. Listing of Bonds**

The **Upper Tier II (Series-III)** Unsecured, Nonconvertible Bonds are proposed to be listed on the Wholesale Debt Market Segment of The National Stock Exchange of India Limited ('NSE').

#### **XXIII. Term Sheet / Instrument at a Glance:**

#### **XXIV.**

Issuer	Canara Bank
Instrument	Unsecured, Redeemable, Subordinated Non-Convertible Upper Tier II Bonds Series - III in the nature of Promissory Notes ("Bonds").
Issue Objective	Augmenting Tier II Capital for strengthening the Capital Adequacy and enhancing long term resources of the Bank
Issue Size	₹ 1000 crore (₹ One thousand Crores only)
Face Value	₹ 10,00,000 (₹ Ten Lakhs Only)
Minimum Application	One Bond and in multiples of One bond thereafter
Issue Price	At Par
Security	Unsecured
Nature	Private Placement
Tenor	15 years from the deemed date of allotment
Redemption Date	29.09.2025 (15 years from the DDA). In terms of RBI master circular no DBOD.No.BP.BC. 4. /21.01.002/2010-11 dated 1 <sup>st</sup> July 2010, these bonds are free of restrictive clauses and are not redeemable at the initiative of the holder or without the consent of the Reserve Bank of India (Department of Banking Operations & Development).
Put Option	None
Call option	Call option may be exercised after the instrument has run for at least ten years; call option shall be exercised only with the prior approval from the RBI (Department of Banking Operations & Development)
Coupon	8.62% per annum for first 10 years
Interest Payment date	Annual, 29 <sup>th</sup> Sep every year (Subject to RBI norms)
Step Up option	Step up Coupon rate of 0.50% p.a. payable annually for further life which

	will be exercised only once during the whole life of the instrument , in conjunction with the call option, after the lapse of ten years from the date of issue. In effect, the coupon rate on bonds shall be stepped up to 9.12% p.a for subsequent years. If Call option is not exercised by the Bank at the end of the 10 <sup>th</sup> year from the deemed date of allotment.
Lock in Clause	These Bonds shall be subjected to Lock in Clause in terms of which, the Bank shall not be liable to pay interest, if (a) the Bank's CRAR is below the minimum regulatory requirement prescribed by RBI or (b) the impact of such payment results in Bank's capital to risk assets ratios (CRAR) falling below or remaining below the minimum regulatory requirement prescribed by the Reserve Bank of India. However, banks may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss provided CRAR remains above the regulatory norm . The interest amount due and remaining unpaid may be allowed to be paid in the later years in cash/ cheque subject to the bank complying with the above regulatory requirement.
Interest on Application Money*	Interest on application money will be paid to investors at Coupon Rate from the date of realization of subscription money up to one day prior to the Deemed Date of Allotment. Such interest shall be payable within seven business days from the Deemed Date of Allotment.
Interest Payment Convention	Actual No of Days / Actual No of Days
Issue Schedule	Issue Opening Date: 27/09/2010 Issue Closing Date: 28/09/2010 Deemed Date of allotment: 29/09/2010
Rating	By CRISIL (AAA Stable) & BRICKWORK (AAA)
Registrars	Canbank Computer Services Ltd
Trustees	Vijaya Bank, Bangalore
Listing	Proposed to be listed on NSE
Depository	NSDL & CDSL
Pay in dates	From 27 <sup>th</sup> Sep to 28 <sup>th</sup> Sep
Issue mode	Through demat at NSDL/CDSL – No physical certificates to be issued
<b>Mode of Payment</b>	<b>Only through RTGS</b>
Nature of Bonds	These bonds should be fully paid up, unsecured and free of any restrictive clauses. The claims of the investors in Upper Tier II instruments shall be superior to the claims of investors in instruments eligible for inclusion in Tier I capital; and subordinate to the claims of all other creditors.
Arrangers	A.K. Capital Services Ltd; Almondz Global Securities Ltd; Axis Bank Ltd; Barclays Capital; Deutsche Bank; Edelweiss Capital Limited; ICICI Bank; ING Vysya Bank; Kotak Mahindra Bank; Trust Investment Advisors Pvt Ltd.

\* (Subject to deduction of tax as applicable)