

Particulars	Year ended	Year ended	Year ended
	31/03/2015	31/03/2014	31/03/2013
Investment			
Sub total	4576.85	4940.91	3092.86
Adjustments for:			
Increase / (Decrease) in Deposits	53121.31	64919.04	28790.59
Increase / (Decrease) in Borrowings	-745.77	9379.19	4484.25
Increase / (Decrease) in Other Liabilities and Provisions	-1397.08	-352.45	1351.23
(Increase) / Decrease in Investments	-18718.48	-7370.78	-20073.42
(Increase) / Decrease in Advances	-28967.85	-58890.26	-9707.02
(Increase) / Decrease in Other Assets	-2843.53	136.13	-1844.84
Increase / (Decrease) Minority Interest	65.10	81.40	70.68
Direct Taxes (Paid) / Refund	-1611.47	-1229.02	-1123.69
Sub total	-1097.77	6673.25	1947.78
Net Cash Flow from Operating Activities (A)	6343.75	14244.33	8010.35
B. Cash Flow from Investing Activities :			
Net Inflow / Outflow from Sale /Purchase of Fixed Assets	-814.06	-540.53	-214.45
Investment in Subsidiaries/ Joint Ventures/	-179.04	-29.68	-91.67
(Increase) /Decrease in other reserves	-44.43	74.22	-149.74
Net Cash Flow from Investing Activities (B)	-1037.53	-495.99	-455.86
C. Cash Flow from Financing Activities:			
Share Capital	13.94	18.26	0
Share Premium	556.06	481.74	0
Increase /(Decrease) of Bonds including subordinated Debts	-801.14	-2424.55	256.41
Dividend (Interim & Final) Paid	-295.61	-1026.59	-568.64
Interest Paid on IPDI, Subordinated Bonds, Upper Tier 2 Bonds	-937.15	-820.34	-730.56
Net Cash Flow from Financing Activities (C)	-1463.89	-3771.48	-1042.79
Cash flow on account of exchange fluctuation (D)			
Cash generated on account of exchange fluctuation	-66.35	115.51	20.77
Net Increase in Cash & Cash Equivalents (A)+(B)+C+(D)	3775.98	10092.37	6532.47
Cash and Cash Equivalents as at the beginning of the year	44871.58	34779.21	28246.74

Particulars	Year ended	Year ended	Year ended
	31/03/2015	31/03/2014	31/03/2013
Cash and Cash Equivalents as at the end of the year	48647.56	44871.58	34779.21

vii. **Auditors' Qualifications**

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

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

(Rs. in crore)

Sr. No.	Particulars	Quarter ended	Quarter ended	Year ended
		30.09.2015	30.09.2014	31.03.2015
		(Reviewed)	(Reviewed)	(Audited)
1.	Interest Earned (a+b+c+d)	11267.50	10893.87	43750.04
a)	Interest/ discount on advances/ bills	8126.01	8004.71	32066.12
b)	Income from Investments	2942.92	2681.14	10923.75
c)	Interest on balances with Reserve Bank of India and other Inter Bank Funds	198.57	208.02	759.79
d)	Others	0	0	0.38
2.	Other Income	1210.45	1021.34	4550.25
3.	Total Income (1+2)	12477.95	11915.21	48300.29
4.	Interest Expended	8621.00	8526.08	34086.37
5.	Operating Expenses (i)+(ii)+(iii)	1912.85	1763.59	7263.55
(i)	Employees Cost	1107.84	1035.79	4274.25
(ii)	Rent, Taxes and Lighting	208.02	171.54	658.90
(iii)	Other Operating Expenses	596.99	556.26	2330.40
6.	Total Expenditure (4)+(5) (excluding Provisions and Contingencies)	10533.85	10289.67	41349.92
7.	Operating Profit before provisions & contingencies (3-6)	1944.10	1625.54	6950.37
8.	Provisions (other than tax) and Contingencies	1212.31	813.70	3452.74
9.	Exceptional Items	0	0.00	0

Sr. No.	Particulars	Quarter ended	Quarter ended	Year ended
		30.09.2015	30.09.2014	31.03.2015
		(Reviewed)	(Reviewed)	(Audited)
10.	Profit (+)/ Loss (-) from Ordinary Activities before Tax (7-8-9)	731.79	811.84	3497.63
11.	Tax Expense- Current Year	202.93	185.00	795.00
12.	Profit (+)/ Loss (-) from Ordinary Activities after Tax (10-11)	528.86	626.84	2702.63
13.	Extraordinary Items (net of tax expense)	0	0.00	0
14.	Net Profit (+)/ Loss (-) for the period (12-13)	528.86	626.84	2702.63
15.	Paid-up Equity Share Capital (Face Value of each share- Rs.10/-)	542.99	461.26	475.20
16.	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	25978.18	23660.60	25978.18

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

The Issuer hereby confirms that there has been no material event, development or change having implications on the financials/ credit quality of the Issuer (e.g. any material regulatory proceedings against the Issuer/ promoters of the Issuer, tax litigations resulting in material liabilities, corporate restructuring event etc) at the time of Issue which may affect the Issue or the investor's decision to invest/ continue to invest in the debt securities of the Issuer.

L. Name of the Bond Trustee

SBICAP Trustee Company Ltd has given the consent for appointment as trustee for the Issue.

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

Please refer to Annexure I, II and III of the Disclosure Document.

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

Not applicable.

O. Copy of consent letter from the Debenture Trustee

Please refer to Annexure IV of the Disclosure Document.

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

NSE

Q. Other Details

i. DRR Creation

As per Ministry of Corporate Affairs, GOI Notification dated 31.03.2014, Companies (Share Capital and Debentures) Rules 2014 no debenture redemption reserve is required for debentures issued by Banking Companies for both public as well as privately placed debentures. The Bank has appointed a trustee to protect the interest of the Bondholders.

ii. Issue/ instrument specific regulation

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

iii. Application process

Investors are advised to comply with the following General Instructions:

1. Instructions for filling in Application Forms

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

2. Applications under Power of Attorney or by Authorized Representatives

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

3. PAN of the Applicant

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

4. Bank Account Details and RTGS/ NEFT particulars

The applicant must fill in the relevant column in the application form giving particulars of its Bank Account number and name of the bank with whom such account is held, to enable the Registrars to the Issue to print the said details in the

redemption / interest warrant. This is in the interest of the applicant for avoiding misuse of the redemption / interest warrant. Furnishing this information is mandatory and applications not containing such details are liable to be rejected. The applicants should also fill in RTGS/ NEFT particulars of their bank accounts to enable the Bank to remit redemption/ interest payments by RTGS/ NEFT. Canara Bank may also download the bank particulars in respect of beneficial ownership position as available with the depositories on the Record Date for this purpose.

5. Eligible Investors

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

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

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

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

6. Documents to be provided by investors

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

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

7. Terms of Payment

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

8 Payment Instructions.

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

Name of the Banker	Canara Bank
Account Name	Canara Bank A/c- Tier II Bonds 2015-16
Credit into Current A/c No.	2426201100278
IFSC Code	CNRB0002426

Address of the Branch	115, 11th Floor, Atlantic Building, Nariman point, Mumbai 40021
Narration	Application Money for the Bond Issue

Cheque(s), demand draft(s), money orders, postal orders will not be accepted. The Bank assumes no responsibility for any applications lost in mail. The entire amount of Rs.10,00,000 (Rupees Ten Lakhs Only) per Bond is payable on application.

9. Submission of Completed Application Forms

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

10. Acknowledgements

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

11. Basis of Allocation/ Allotment

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

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

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

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

13. Issue of Bond Certificate(s)

Subject to the completion of all statutory formalities within time frame prescribed in the relevant regulations/ act/ rules etc, the initial credit akin to a Letter of Allotment in the Beneficiary Account of the applicant would be replaced with the number of Bonds allotted. The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of the Depositories Act, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ DP from time to time and other applicable laws and rules notified in respect thereof. The Bonds shall be allotted in dematerialized form only.

14. Depository Arrangements

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

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

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

15. Procedure for Applying for Demat Facility

- (a) Applicant(s) must have a Beneficiary Account with any DP of NSDL or CDSL, prior to making the applications.
- (b) The applicant(s) must specify their beneficiary account number and DP ID in the relevant columns of the Application Form.
- (c) For subscribing the bonds, names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
- (d) If incomplete/ incorrect beneficiary account details are given in the Application Form

which does not match with the details in the depository system, it will be deemed to be an incomplete application and the same be held liable for rejection at the sole discretion of the Bank.

- (e) The Bonds shall be directly credited to the beneficiary account as given in the Application Form and after due verification, allotment advice/ refund order, if any, would be sent directly to the applicant by the Registrars to the Issue but the confirmation of the credit of the Bonds to the applicant's depository account will be provided to the Applicant by the DP of the applicant.
- (f) Interest or other benefits with respect to the Bonds would be paid to those bondholders whose names appear on the list of beneficial owners given by the depositories to the Bank as on the Record Date. In case, the beneficial owner is not identified by the depository on the Record Date due to any reason whatsoever, the Bank shall keep in abeyance the payment of interest or other benefits, till such time the beneficial owner is identified by the Depository and intimated to the Bank. On receiving such intimation, the Bank shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 days from the date of receiving such intimation, without liability for making payment for penal interest for the intervening period.
- (g) Applicants may please note that the Bonds shall be allotted and traded on the stock exchange(s) only in dematerialized form.

16. Fictitious Applications

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

“Any person who:

- (a) Makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) Makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) Otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447.”

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

fraud, extending up to three times of such amount.

17. Market Lot

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

18. Right to accept or reject applications

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

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

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

19. Interest in case of delay

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

III. TERMS OF ISSUE

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

November 19, 2015.

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

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

3. Applicable Regulation

The present issue of Bonds is being made in pursuance of Master Circular No. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 issued by the Reserve Bank of India on Basel III capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital and SEBI Debt Regulations. The bank can issue the bonds proposed by it in view of the present approvals and no further internal and external permission/approval(s) is/are required to undertake the proposed activity.

4. Objects of the Issue

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

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

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

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

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

7. Amount intended to be raised

Rs. 1500 crores (Rupees One Thousand and Five Hundred Crores only) through private placement.

8. Authority for the Issue

The present issue of Bonds is being made pursuant to the resolution of the Board of Directors dated November 19, 2015 authorizing issue of Bonds offered under terms

of this Disclosure Document

The present issue of Bonds is being made in pursuance of Master Circular No. RBI/2015-16/58 DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 issued by the Reserve Bank of India on Basel III Capital Regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier 2 Capital (Annex 5 of the Master Circular) and minimum requirement to ensure loss absorbency of non-equity regulatory capital instruments at the Point of Non Viability (PONV) (Annex 16 of the Master Circular).

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

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

9. Terms of raising securities

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

10. Paid in status

Fully paid in

11. Maturity period

Ten years from the Deemed date of allotment.

12. Rate of interest

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

13. Put and Call Option

In pursuance of Master Circular No. RBI/2015-16/58 DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015, issued by the Reserve Bank of India on Basel III capital regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier 2 Capital, the Bonds shall not have any "Put Option".

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

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

14. Minimum Subscription

Five bonds (i.e. a minimum application size of Rs. 50,00,000 (Rupees Fifty lakhs only) and in multiples of 1 Bond 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 claims of the Bondholders shall be:

- a) senior to the claims of Investors in Instruments eligible for inclusion in Tier 1 Capital;
- b) subordinate to the claims of all depositors and general creditors of the Bank;
- c) neither secured nor covered by a guarantee of the Bank or related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis creditors of the Bank.

17. Loss Absorption Features

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

Accordingly, the Bonds at the option of RBI, shall be permanently written off on the

occurrence of the trigger event called the Point of Non Viability (PONV).

18. PONV Trigger

The PONV Trigger event shall be the earlier of:

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

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

The Bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the Reserve Bank of India unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by the Bank should be such that these are likely to result in financial losses and raising the Common Equity Tier I Capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures would include permanent write-off in combination with or without other measures as considered appropriate by the Reserve Bank of India (RBI).

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

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

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

18. Purchase/ funding of bonds by the Bank

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

the Bonds, nor would the Bank directly or indirectly fund the purchase of the Bonds. The Bank shall also not grant advances against the security of the Bonds issued by it.

19. Terms of Payment

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

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

20. Deemed Date of Allotment

All benefits under the Bonds including payment of interest will accrue to the Bondholders from and including 31.12.2015, which shall be the Deemed Date of Allotment. All benefits relating to the Bonds will be available to the applicants from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment. The Bank reserves the right to keep multiple allotment date(s)/ date(s) of allotment at its sole and absolute discretion without any notice. If the issue closing date/ pay in dates is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Bank at its sole and absolute discretion.

21. Trading of Bonds

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

22. Mode of Transfer of Bonds

The Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant. The transferee(s) should ensure that the transfer formalities are completed

prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Bank.

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

23. Common Form of Transfer

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

24. Interest on the Bonds

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

In pursuance of Master Circular No. RBI/2015-16/58 DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015, issued by the Reserve Bank of India on Basel III capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 Capital, the Bonds shall not have any step-ups or any other incentives to redeem. Further, the Bonds shall not have a credit sensitive coupon feature, i.e. a coupon that is reset periodically based in whole or in part on Bank's credit standing.

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

25. Deduction of Tax at Source

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

Interest payable subsequent to the Deemed Date of Allotment of Bonds shall be treated as "Interest on Securities" as per Income Tax Rules. Bondholders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/ document, under section 193 of the IT Act, if any, with the Registrar, or to such other person(s) at such other address(es) as the Bank may specify from time to time through suitable communication, at least 45 days before the payment becoming due. However, with effective from 01.06.2008, tax is not to be deducted at source under the provisions of section 193 of IT Act, if the following conditions are satisfied:

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

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

26. Redemption/Maturity:

The Bonds shall be redeemed in full 10 (ten) years from the Deemed Date of Allotment.

The Bonds shall be redeemed at par along with interest accrued till one day prior to the Redemption Date.

27. Settlement/ Payment on Redemption

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

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

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

28. Effect of Holidays

If any Coupon Payment Date falls on a day which is not a Business Day, the payment of coupon shall be made by the Bank on the immediately succeeding Business Day

along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.

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

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

29. List of Beneficial Owners

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

30. Succession

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

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

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

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

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

31. Who Can Apply

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

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

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

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

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

32. How to Apply

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

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

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

Name of the Banker	Canara Bank
Account Name	Canara Bank A/c- Tier II Bonds 2015-16
Credit into Current A/c No.	2426201100278
IFSC Code	CNRB0002426
Address of the Branch	115, 11th Floor, Atlantic Building, Nariman Point, Mumbai 40021
Narration	Application Money for the Bond Issue

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

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

The applicant or in the case of an application in joint names, each of the applicant, should mention his/her Permanent Account Number (PAN) allotted under the Income-Tax Act or where the same has not been allotted, the GIR No. and the Income tax