

Placement Memorandum

IV. Summary Term Sheet

Security Name	7.09 % Canara Bank Tier II Bonds 2021-22 Series I
Issuer	Canara Bank (“CB”/ the “Bank”/ the “Issuer”)
Type of Instrument	Unsecured, Subordinated, Non-Convertible, Redeemable, Fully-paid-up, Taxable, Basel III Compliant Tier II Bonds in the nature of Debentures of Rs 1 crore each
Nature of Instrument and Seniority of the Bonds	<p>Unsecured Basel III Tier II 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>The claims of the Bondholders in the Bonds shall be -</p> <ul style="list-style-type: none"> <li>(i) senior to the claims of investors in instruments eligible for inclusion in Tier I Capital of the Bank;</li> <li>(ii) subordinate to the claims of all depositors and general creditors of the Bank;</li> <li>(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.</li> </ul> <p>Tier I and Tier II shall have meaning ascribed to such terms under Basel III Guidelines.</p> <p>Notwithstanding anything contrary stipulated herein, the claims of the Bondholders shall be subject to the provisions of Loss Absorbency, Permanent principal write down on PONV Trigger Event and Other Events mentioned in the Placement Memorandum and this Term Sheet.</p>
Mode of Issue	Private Placement through Electronic Bidding Platform (EBP).
Type of Bidding	Closed Bidding; on Electronic Bidding Platform (EBP) of NSE (National Stock Exchange)
Manner of allotment	Uniform Coupon
Eligible Investors	<p>In terms of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (“NCS Regulations”) along with the Operational Circular for issue and listing of non-convertible securities, securitized debt instruments, security receipts, municipal debt securities and commercial papers dated 10 August 2021 (“Operational Circular”), only Qualified Institutional Buyers (“QIBs”) are allowed to participate in the issuance of the Bonds. The Tier 2 Bonds to be issued under the Placement Memorandum and other transaction documents have the relevant features, hence the Operational Circular will be applicable.</p> <p>As per Regulation 2 (ss) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 dated September 2018, “Qualified Institutional Buyer” means:</p> <ul style="list-style-type: none"> <li>i. a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with SEBI;</li> <li>ii. a foreign portfolio investor other than individuals, corporate bodies and family offices;</li> <li>iii. a public financial institution;</li> <li>iv. a scheduled commercial bank;</li> <li>v. a multilateral and bilateral development financial institution;</li> <li>vi. a state industrial development corporation;</li> <li>vii. an insurance company registered with the Insurance Regulatory and Development Authority of India;</li> <li>viii. a provident fund with minimum corpus of twenty five crore rupees;</li> <li>ix. a pension fund with minimum corpus of twenty five crore rupees;</li> <li>x. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated</li> </ul>

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	<p>November 23, 2005 of the Government of India published in the Gazette of India;</p> <p>xi. insurance funds set up and managed by army, navy or air force of the Union of India; and</p> <p>xii. insurance funds set up and managed by the Department of Posts, India; and</p> <p>xiii. Systemically important non-banking financial companies.</p> <p>Investment by Foreign Portfolio Investors (FPIs) in these Bonds raised in Indian Rupees shall be subject to compliance with terms and conditions stipulated by the Securities and Exchange Board of India (SEBI)/other regulatory authorities on investment in these instruments.</p> <p>Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the issue.</p> <p>Further, notwithstanding anything contained above, only eligible investors who have been addressed through the application form are eligible to apply.</p> <p>Prior to making any investment in these Bonds, each Eligible 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 Eligible Investor to invest in these Bonds. Further, mere receipt of the Placement Memorandum (and/or any Transaction Document in relation thereto and/or any draft of the Transaction Documents and/or the Placement Memorandum) by a person shall not be construed as any representation by the Bank that such person is authorized to invest in these Bonds or eligible to subscribe to these Bonds. If after applying for subscription to these Bonds and/or allotment of Bonds to any person, such person becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, the Bank shall not be responsible in any manner.</p> <p>Notwithstanding any acceptance of bids by the Bank on and/or pursuant to the bidding process on the EBP, (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 becomes ineligible and/or is found to have been ineligible to invest in/hold these Bonds, the Issuer shall not be responsible in any manner.</p>
Listing (including name of stock exchange(s) where it will be listed and timeline for 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>
Rating of the Bonds	<p>"CARE AAA/ Stable Outlook" by CARE Ratings. Pronounced as "CARE Triple A rating with Stable Outlook" and "IND AAA/Stable Outlook" by India Ratings &amp; Research. Pronounced as "IND Triple A on Rating with Stable Outlook"</p>
Issue Size	<p>Aggregate total issue size not exceeding Rs 2500 crore, with a base issue size of Rs 1000 crore and a Green shoe option to retain oversubscription up to Rs 1500 crore.</p>
Option to retain oversubscription (Amount)	<p>Up to Rs. 1500 crore (Rupees One Thousand Five Hundred crore only), at the sole discretion of the Issuer.</p>
Objects of the Issue and Utilization of Issue Proceeds	<p>Augmenting overall capital of the Bank, including Tier II Capital, for strengthening its capital adequacy as per Basel-III Regulations, for future growth and for enhancing long-term resources.</p>

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	<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> <p>The Bank undertakes that the proceeds of the 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).</p>
Coupon Rate	7.09 %p.a. subject to “Loss Absorbency”, “Permanent principal write-down on PONV Trigger Event” and “Other Events” as mentioned in this Term Sheet.
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	On the anniversary of deemed date of allotment every year till redemption of bonds. Kindly refer the cash flow.
Computation of Interest/Day count Basis	<p>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.</p> <p>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).</p> <p>It is clarified that in case of Coupon payment in 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.</p>
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 up to 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. For the application amount that has been refunded, the Interest on application money will be paid along with the refund orders and for the application amount against which Bonds have been allotted, the Interest on application money will be paid within ten working days from the Deemed Date of Allotment. 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 Bank shall not be liable to pay any interest in case of invalid applications or applications liable to be rejected including applications made by a person who is not an eligible investor. If the Pay-In Date and the Deemed Date of Allotment fall on the</p>

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	same date, 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 the Operational Guidelines.
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 , Loss absorbency, Writeoff on PONV Trigger and other events of this Summary term sheet, no such default interest shall be payable.</p>
Tenor	Redeemable after 180 months from the deemed date of allotment
Redemption Date	<p>24<sup>th</sup> December 2036 subject to Issuer Call, Tax Call and Regulatory Call, if any provided that the bonds have not been written off on account of PONV and /or any other event on account of RBI guidelines.</p> <p>In case of exercise of call option, redemption shall be made on call option date</p>
Redemption Amount	<p>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” &amp; “Other Events” mentioned in this term sheet, as per the terms of the Placement Memorandum.</p> <p>In case of redemption due to 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/ or write off on account of “Loss absorbency”, “Permanent principal write down on PONV Trigger” Event &amp; “Other Events” as mentioned in this term sheet.</p>
Premium / Discount on Redemption	Not Applicable
Issue Price/ Face Value	At par (Rs. 1,00,00,000 per Bond)
Premium / Discount on Issue	Not Applicable
Put Date	Not applicable
Put Option Price	Not applicable
Call Option Date	<p>24<sup>th</sup> December 2031 On the 10<sup>th</sup> anniversary date 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 as specified in the notice to debenture trustees.</p>
Conditions for exercise of Call Option	<p><b>i. Issuer Call:</b></p> <p>On or after the (10<sup>th</sup>)tenth anniversary date from the Deemed Date of Allotment, the Issuer may at its sole discretion, having notified the Trustee not less than 21 calendar days prior to the date of exercise of such Issuer Call (which notice shall specify the date fixed for exercise of the Issuer Call)</p> <p>The issuer call, which is discretionary, may or may not be exercised on the (10<sup>th</sup>)tenth Anniversary from the deemed date of allotment i.e. the tenth coupon payment date or any coupon payment date thereafter.</p> <p>The Issuer Call may be exercised only after a minimum of ten years subject to the following conditions:</p> <p>(a) Prior approval of RBI (Department of Banking Regulation) will be required for</p>

exercising Issuer Call.

(b) The called Bonds should be replaced with capital of the same or better quality and the replacement of this Bond shall be done at conditions which are sustainable for the income capacity of the Issuer. Here, replacement of the capital can be concurrent with but not after the bonds are called;

OR

The issuer demonstrates that its capital position is well above the minimum capital requirements after the issuer call is exercised.

Here, minimum refers to Common Equity Tier 1 of 8% of RWAs (including capital conservation buffer of 2.5% RWAs) and Total Capital of 11.5% of RWAs including any additional capital requirement identified under Pillar 2.

**ii. Tax Call:**

If a Tax Event (as described below) has occurred and continuing, then the Issuer may subject to paragraphs (a) and (b) of Issuer Call above, having notified the Trustee not less than 21 calendar days prior to the date of exercise of such call ("Tax Call") which notice shall specify the date fixed for exercise of the Tax Call ("Tax Call Date"), exercise a call on the Bonds or substitute the bonds so that the bonds have better regulatory classification subject to adjustment on account of "Loss Absorbency", "Permanent principal write down on PONV Trigger" Event & "Other Events" as mentioned in this term sheet

A Tax Event has occurred if, as a result of any change in, or amendment to, the laws affecting taxation (or regulations or rulings promulgated thereunder) of India or any change in the official application of such laws, regulations or rulings the Issuer will no longer be entitled to claim a deduction in respect of computing its taxation liabilities with respect to the Coupon on the Bonds.

The exercise of Tax Call by the issuer is subject to the requirements set out in the Basel III Guidelines. RBI will 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 event at the time of issuance of the Bonds.

**iii. Regulatory Call**

If a Regulatory Event (described below) has occurred and continuing, then the Issuer may be subject to paragraphs (a) and (b) of "Issuer Call" above, having notified the Trustee not less than 21 calendar days prior to the date of exercise of such call ("Regulatory Call") which notice shall specify the date fixed for exercise of the Regulatory Call (the "Regulatory Call Date"), exercise a call on the Bonds or substitute the Bonds so that the Bonds have better regulatory classification subject to adjustment on account of "Loss Absorbency", "Permanent principal write-down on PONV Trigger Event" and "Other Events" mentioned in this term sheet.

A Regulatory Event is deemed to have occurred if there is a downgrade of the Bonds in regulatory classification i.e Bonds are excluded from the Tier II Capital of the issuer.

The exercise of Regulatory Call by the Issuer is subject to requirements set out in the Basel III Guidelines. RBI will 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 Event 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

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	above the minimum capital requirements after the Call Option is exercised.
Call Option Price	At par, i.e. Rs 1,00,00,000/- (Rupees One Crore) per bond along with interest accrued till one day prior to the call option date subject to adjustments and/ or write off on account of loss absorbency and other events mentioned in the summary term sheet.
Call Notification Time	21 calendar days prior to the date of exercise of call option, i.e. Issuer Call, Tax Call or Regulatory Call.
Minimum Application	One Bond and in multiples of 1 Bond thereafter
Issue Opening Date	23.12.2021
Issue Closing Date	23.12.2021
Pay-in Date	24.12.2021
Deemed Date of Allotment	24.12.2021
Issuance mode of the Bond	Private Placement in demat form through NSE Electronic Bidding Platform (NSE EBP)
Trading mode of the Bond	In Dematerialized mode only
Settlement mode of the Bond	Payment of interest and repayment of principal amount shall be made by way of credit through direct credit/ NECS/ RTGS/ NEFT mechanism or any other permitted method at the discretion of the issuer.
Settlement Cycle	T+1 (Issuance)
Depository	NSDL and CDSL.
Business Day Convention	<p>Should any of the dates (other than the coupon payment date) including the deemed date of allotment, the Issuer call date, Tax Call date, Regulatory Call date as defined here fall on day which is not a business day, the immediately preceding business day shall be considered as the effective date.</p> <p>“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 and when the money market is functioning in Mumbai. If the date of payment of interest/ redemption of principal does not fall on a business day, the payment of interest/ principal shall be made in accordance with SEBI Operational Circular dated August 10, 2021 bearing reference SEBI/HO/DDHS/P/CIR/2021/613</p> <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 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 debentures until but excluding the date of such payment.</p>
Record Date	Record date for payment of coupon or of principal which shall be the date falling 15 days prior to the relevant Coupon Payment Date, Issuer Call Date, Tax call date or regulatory call date (each as defined later) on which interest or principal repayment is due and payable.

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	<p>In the event the Record Date for coupon payment date falls on a day which is not a Business Day, the next business day will be considered as the Record Date.</p> <p>In the event the Record Date for principal repayment fall on day which is not a business day, the immediately preceding business day shall 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"> <li>Letter appointing Trustee to the Bondholders</li> <li>Debenture Trusteeship Agreement / Debenture Trust Deed;</li> <li>Letter appointing Registrar and Agreement entered into between the Issuer and the Registrar;</li> <li>Rating Agreement with CARE Ratings Limited and India Ratings &amp; Research Private Limited;</li> <li>Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form;</li> <li>Tripartite Agreement between the Issuer; Registrar and CDSL for issue of Bonds in dematerialized form;</li> <li>Letter appointing Registrar and Transfer Agent;</li> <li>Listing Agreement with NSE.</li> <li>This Placement Memorandum with application form.</li> </ol>
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"> <li>Rating letter from CARE Ratings Limited &amp; India Rating &amp; Research Private Limited not being more than one month old from the date of issuance ;</li> <li>Consent letter from the Trustees to act as Trustee to the Bondholder(s);</li> <li>Letter from NSE conveying in-principle approval for listing &amp; trading of Bonds</li> <li>Letter from R&amp;T Agent conveying their consent to act as Registrars to the issue.</li> </ol>
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>Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Issue closure date,</li> <li>Making listing application to NSE within 4 days from the issue closure date (being the date on which bids are accepted on the electronic bidding platform) in pursuance of SEBI NCS Regulations 2021;</li> <li>Besides, the issuer shall perform all the activities, whether mandatory or otherwise, as mentioned elsewhere in this Placement Memorandum.</li> </ol>
Events of Default and Treatment in Bankruptcy/ Liquidation	<p>The Bondholders shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation of the Issuer. It is further clarified that cancellation of discretionary payments or any exercise of Write-off on PONV Trigger Event, Loss Absorbency and Other Events shall not be deemed to be an event of default.</p> <p>The Issuer or the Debenture Trustee may call for meeting of Bondholders as per the terms of the Debenture Trust Deed (to be executed). E-voting facility may be provided, if applicable subject to compliance with regulatory guidelines. In case of any decision that requires a special resolution at a meeting of the Bondholders duly convened and held in accordance with provisions contained in Debenture Trust Deed (to be executed) and applicable law, the decision shall be passed by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of</p>

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	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.
Recapitalization	Nothing contained in this Placement Memorandum or any other Transaction documents shall hinder recapitalization by the issuer.
Discount	The Bonds shall be subjected to a progressive discount for capital adequacy purposes in accordance with Basel III guidelines.
Reporting of Non Payment of Coupon	All instances of nonpayment of coupon should be notified by the issuer to the Chief General Managers in charge of Department of Banking Regulation and Department of Banking Supervision of the Reserve Bank of India, Mumbai.
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 Issue and Listing of Debt Securities Regulations, 2008, 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.
Risk factors pertaining to the Issue	The Bonds issued are subject to the “Loss Absorbency”, “Write-off on PONV Trigger Event” and “Other Events” mentioned in this Summary Term Sheet, Please refer Risk Factors of this placement documents.
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 Placement Memorandum.
Loss Absorbency	<p>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 5 thereof and are subject to certain Loss Absorbency features as described herein and required of Tier 2 Instruments at the Point of Non Viability as provided for in Annex 16 of the aforesaid circular.</p> <p>Accordingly, the Bond and Bondholders claim, if any, against the Bank, wherever situated, may at the option of RBI be permanently written-off, in whole or in part, upon the occurrence of the trigger event called the Point of Non Viability (“PONV”). PONV trigger event shall be 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 the following writing off of the Bonds and Claims and demands as noted above neither the Bank, nor any other person on the Banks behalf shall be required to compensate or provide</p>



	<p>any relief, whether absolutely or contingently, to the Bond holder or any other person claiming for or on behalf of or through such Bondholder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocable extinguished and terminated.</p> <p>Unless otherwise specified in this Placement Memorandum, the writeoff of any common equity or any other regulatory capital as understood in terms of the aforesaid circular or any replacement/amendment thereof, whether senior or pari-passu or subordinated, and whether a Tier I capital or otherwise shall not be required before the writeoff 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 any other regulatory capital be subject to prior or simultaneous writeoff or that the treatment offered to holders of such other regulatory capital be also offered to the Bond holders.</p> <p>The write down will have the following effects:</p> <ul style="list-style-type: none"> <li>(a) Reduce the claim of the Bonds in liquidation.</li> <li>(b) Reduce the amount repaid when a call is exercised and</li> <li>(c) Partially or fully reduce coupon payments on the Bonds.</li> </ul>
<p>Permanent Principal Write down on PONV Trigger Event</p>	<p>The Bonds are issued subject to Basel III guidelines 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 permanently be written off upon the occurrence of the trigger event, called “Point of Non-Viability Trigger” (PONV Trigger).</p> <p><b>If a PONV Trigger (as described below) occurs, the Issuer shall:</b></p> <ul style="list-style-type: none"> <li>(a) Notify the Trustee,</li> <li>(b) Cancel any Coupon which is accrued and unpaid on the bonds as on the write down date; and</li> <li>(c) Without the need for the consent of bondholders or the trustee, write down the outstanding principal of the bonds by such amount as may be prescribed by RBI (“PONV Write down Amount”) and subject as is otherwise required by the RBI at the relevant time. The issuer will affect a write down within 30 days of the PONV write down amount being determined and agreed with the RBI.</li> </ul> <p>The PONV Trigger in respect of the issuer or its group event shall be the earlier of:</p> <ul style="list-style-type: none"> <li>a) a decision that the principal write-down, without which the Issuer or its group (as the case may be) would become non-viable, as determined by the Reserve Bank of India; and</li> <li>b) the decision to make a public sector injection of capital, or equivalent support, without which the Issuer or its group (as the case may be) would become non-viable, as determined by the RBI.</li> </ul> <p>The PONV trigger will be evaluated both at consolidated and solo level and breach at either level will trigger write off.</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</p>

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Reserve Bank of India (RBI).

RBI would follow a 2 stage approach to determine the non viability of the issuer. The stage 1 assessment would consist of purely objective and quantifiable criteria to indicate that there is a prima facie case of the issuer approaching Non viability and therefore a closer examination of the issuer's financial situation is warranted. The stage 2 assessment would consist of supplementary subjective criteria which, in conjunction with the stage 1 information, would help in determining whether the issuer is about to become non viable. These criteria would be evaluated together and not in isolation.

Once the PONV is confirmed, the next step would be to decide whether rescue of the issuer would be through write off a loan or write off in conjunction with a public sector injection of funds.

The write off of any common equity Tier 1 Capital shall not be required before the writeoff of any non equity (Additional Tier I 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 the Placement Memorandum and any other regulatory norms as may be stipulated by the RBI from time to time. A write down may occur on more than one occasion.

Once the principal of the Bonds have been written down pursuant to PONV trigger event, PONV write down, amount will not be restored in any circumstances, including where the PONV trigger event has ceased to continue. A write down due to a PONV Trigger event shall occur prior to any Public Sector injection of capital so that the capital provided by the Public Sector is not diluted. However, any capital infusion by Government of India into the issuer as the promoter of the issuer in the normal course of business may not be construed as a PONV trigger.

The Bondholders shall not have any residual claims on the issuer which are senior to ordinary shares of the issuer, following a PONV trigger and when write off is undertaken.

Any compensation paid to the instrument holders as a result of the write-off must be paid immediately in the form of common shares.

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.

If the RBI or any other relevant authorities decide to reconstitute the issuer or amalgamate the issuer with any other bank under the Section 45 of BR Act, 1949, the Issuer will be deemed as non-viable or approaching non-viability and the PONV Trigger and pre-specified trigger as per Basel III Guidelines will be activated. Accordingly, the Bonds will be permanently written- down in full prior to any reconstitution or amalgamation.

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 augmentation of equity capital through a permanent write-off/public sector injection of funds are likely to:

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	<p>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.</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> <p>Write off for PONV means full and permanent write off.</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 any Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated. Unless otherwise specified in this Placement Memorandum, the write-off of any common equity or any other regulatory capital (as understood in terms of the aforesaid circular or any replacement/ amendment thereof ), whether senior or pari-passu or subordinate, and whether a Tier I 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>
Other Events or Treatment in the event of Winding-Up, Amalgamation, Acquisition, Re-Constitution etc. of the Bank	<p><b>Treatment of Bonds in the event of Winding-Up</b> The Bonds 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> <p>a. If the issuer goes into liquidation before the Bonds have been permanently written down, 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;</p> <p>b. If the issuer goes into liquidation after the Bonds have been permanently written down, the holders of these instruments will have no claim on the proceeds of liquidation.</p> <p><i>Amalgamation of a banking company (section 44A of the Banking Regulations Act, 1949):</i></p> <p><i>Subject to the Banking Regulation Act, 1949 as amended</i></p> <p>a. 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.</p> <p>b. If the Bank is amalgamated with any other bank after the Bonds have been written-down permanently, these cannot be written-up by the amalgamated entity.</p> <p><i>Scheme of reconstitution or amalgamation of a banking company</i> 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</p>

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	<p>trigger at the point of non-viability for write-down of the Tier II instruments 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 Bonds” as mentioned earlier in the Information Memorandum and per usual legal provisions governing priority of charges.</p>
Order of claims of Basel III Compliant Tier II instruments	<p>The order of claims of various types of regulatory capital instruments issued by the Bank and that may be issued in futures shall be as under;</p> <p>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 depositors and general creditors of the Bank. Tier II debt instruments is neither secured nor covered by a guarantee of the issuer or related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.</p> <p>Tier II debt instruments will rank pari-passu without preference amongst themselves and other debt instruments irrespective of the date of issue classifying as Tier II capital in terms of Basel III guidelines.</p> <p>Unless the terms of any subsequent issuance of Bonds/debentures by the Bank specifies that the claims of such subsequent Bondholders 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, and shall be on pari-passu ranking with holders of other Tier II instruments issued by the Bank. However, the claims of the Bondholders shall be subject to the provisions of loss absorbency, permanent principal write down on PONV trigger event and other events mentioned above.</p>
Registrars	Canbank Computer Services Limited
Trustee	Axis Trustee Services Limited
Compliance Officer	Company Secretary of the Bank, details provided in the Information Memorandum.
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.
Additional Covenants	<p><b>Delay in Listing:</b> 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><b>Refusal of Listing:</b> 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 with interest at the rate of 15 per cent per annum on application money.</p>
Applicable RBI Guidelines	The present issue of Bonds is being made in pursuance of Master Circular No. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 issued by the Reserve Bank of India 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 Tier II instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the PONV (Annex 16) as amended from time to time.

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	The issue of Bonds and terms and conditions of the Bond will be subject to the applicable guidelines issued by Reserve Bank of India and Securities and Exchange Board of India from time to time.
Prohibition on Purchase / Funding of Instruments	Neither the issuer nor a related party over which the issuer exercises control or significant influence (as defined under relevant Accounting Standards) shall purchase the Bonds, nor shall the issuer directly or indirectly fund the purchase of the Bonds. The issuer shall also not grant advances against the security of the Bonds issued by it.

**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.

i) 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.