

on interest on application money are compulsorily required to submit a certificate issued by the Income Tax Officer along with the Application Form. For subsequent interest payments, such certificates have to be submitted periodically.

**37. PAN/GIR Number**

All applicants should mention their Permanent Account Number or the GIR Number allotted under Income Tax Act, 1961 and the Income Tax Circle/ Ward/ District. In case where neither the PAN nor the GIR Number has been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

**38. Signatures**

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of a Bank or by a Magistrate/ Notary Public under his/her official seal.

**39. Nomination Facility**

As per Section 72 of the companies act, 2013, only individuals applying as sole applicant/Joint Applicant can nominate, in the prescribed manner, a person to whom his Bonds shall vest in the event of his death. Non-individuals including holders of Power of Attorney cannot nominate.

**40. Right of Bondholder(s)**

Bondholder is not a shareholder. The Bondholders will not be entitled to any other rights and privilege of shareholders other than those available to them under statutory requirements. The Bond(s) shall not confer upon the holders the right to receive notice, or to attend and vote at the General Meeting of the Bank. The principal amount and interest on the Bonds will be paid to the registered Bondholders only, and in case of Joint holders, to the one whose name stands first.

Besides the above, the Bonds shall be subject to the provisions of the Banking Regulation Act, 1949, as amended, the terms of this Bond Issue and the other terms and conditions as may be incorporated in the Debenture Trusteeship Agreement and other documents that may be executed in respect of these Bonds.

**41. Modification of Rights**

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Bank where such consent or resolution modifies or varies the terms and conditions of the Bonds, if

the same are not acceptable to the Bank.

**42. Future Borrowings**

The Bank shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form as also issue Bonds/ Debentures/ Notes/ other securities in any manner with ranking as pari-passu basis or otherwise and to change its capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital, on such terms and conditions as the Bank may think appropriate, without the consent of, or intimation to, the Bondholder(s) or the Trustees in this connection.

**43. Notices**

All notices required to be given by the Bank or by the Trustees to the Bondholders shall be deemed to have been given if sent by ordinary post/ courier to the original sole/ first allottees of the Bonds and/ or if published in one All India English daily newspaper and one regional language newspaper.

All notices required to be given by the Bondholder(s), including notices referred to under “Payment of Interest” and “Payment on Redemption” shall be sent by registered post or by hand delivery to the Bank or to such persons at such address as may be notified by the Bank from time to time.

**44. Joint-Holders**

Where two or more persons are holders of any Bond(s), they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to provisions contained in the Companies Act, 1956 and the Companies Act, 2013.

**45. Disputes & Governing Law**

The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Bengaluru.

**46. Investor Relations And Grievance Redressal**

Arrangements have been made to redress investor grievances expeditiously as far as possible, the Bank endeavors to resolve the investor's grievances within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of Bonds applied for, amount paid on application and details of collection centre where the Application was submitted, may be addressed to the Compliance Officer at Corporate office of the Bank. All investors are hereby informed that the Bank has appointed a Compliance Officer who may be contacted in case of any pre-issue/ post-issue related problems such as non-credit of letter(s) of allotment/ bond certificate(s) in the demat account, non-receipt of refund order(s),

interest warrant(s)/ cheque(s) etc. Contact details of the Compliance Officer are given elsewhere in this Disclosure Document.

**47. Credit Rating for the Bonds**

ICRA Limited (ICRA) have vide their letter no. ICRA:BLR:2015-16/RT/629 Dated December 18, 2015, has assigned a credit rating of & “[ICRA] AAA(hyb)” (pronounced ICRA Triple A hybrid) rating with Stable Outlook” for issue of Tier 2 Bonds aggregating upto Rs. 2400 crore. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. A copy of rating letter from ICRA Limited is enclosed elsewhere in this Disclosure Document.

CRISIL have vide their letter, VR/FSR/CANBANK/2015-16/1562 dated December 21, 2015, have assigned a credit rating of “CRISIL AAA/Stable” (pronounced “CRISIL triple A rating with Stable outlook) rating for the Rs 24.00 billion Tier 2 Bond issue (under Basel III) of Canara Bank. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk

India Ratings and Research have vide their letter Ind-Ra/Canara Bank/Dec 2015 dated December 21, 2015, have assigned ‘IND AAA’; Outlook Stable to Canara Bank’s up to INR 24 billion Basel III compliant Tier 2 Bonds to be issued.

Other than the credit rating mentioned hereinabove, the Bank has not sought any other credit rating from any other credit rating agency(ies) for the Bonds offered for subscription under the terms of this Disclosure Document.

The above rating is not a recommendation to buy, sell or hold securities and applicants should take their own decision. The rating may be subject to revision or withdrawal at any time by the assigning rating agency. The rating obtained is subject to revision at any point of time in the future. The rating agency has the right to suspend, withdraw the rating at any time on the basis of new information etc.

**48. Trustees for the Bondholders**

In accordance with the provisions of (i) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, (ii) Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended, (iii) Section 117B of the Companies Act, 1956 (1 of 1956) and Section 71 of the Companies Act, 2013 to the extent in force and notified respectively and (iv) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Bank has appointed SBICAP Trustee Company Ltd to act as Trustees (“Trustee”) for and on behalf of the holder(s) of the Bonds. The address and

contact details of the Trustees are as under:

**SBICAP Trustee Company Ltd ,**  
**Corporate Office,**  
**Apeejay House,**  
**6<sup>th</sup> Floor, 3, Dinshaw Waccha Road,**  
**Church Gate, Mumbai -400020**

A copy of letter from **SBICAP Trustee Company Ltd** conveying their consent to act as Trustees for the current issue of Bonds is enclosed elsewhere in this Disclosure Document.

The Bank hereby undertakes that a Debenture Trusteeship Agreement shall be executed by it in favour of the Trustees within three months permissible under applicable laws. The Debenture Trusteeship Agreement shall contain such clauses as may be prescribed under section 71 of the Companies Act, 2013 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations. Further, the Debenture Trusteeship Agreement shall not contain a clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Bank in relation to any rights or interests of the holder(s) of the Bonds, (ii) limiting or restricting or waiving the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992); Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 and circulars, regulations or guidelines issued by SEBI and (iii) indemnifying the Trustees or the Bank for loss or damage caused by their act of negligence or commission or omission.

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

The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustee by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act,

1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.

The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Bank in consultation with institutional holder(s) of such Bonds, in accordance with applicable laws. The Trustees shall ensure disclosures of all material events on an ongoing basis.

The Bank shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/ 11/05 dated May 11, 2009 as amended. Besides, the Bank shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all “Qualified Institutional Buyers” (QIBs) and other existing Bondholder(s) within two working days of their specific request.

**49. Stock Exchange Where Bonds Are Proposed to be Listed**

The Bonds are proposed to be listed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited (“NSE”). The Bank made an application to NSE for seeking its in-principle approval for listing of Bonds offered under the terms of this Disclosure Document and received an in-principle approval from the NSE vide letter bearing reference no. NSE/LIST/56097 dated 01.01.2016.

In pursuance of SEBI Debt Regulations, the Bank shall make listing application to NSE within 15 days from the Deemed Date of Allotment of Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of Bonds. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Bank shall pay penal interest of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).

In connection with listing of Bonds with NSE, the Bank hereby undertakes that:

- (a) it shall comply with the conditions of listing as specified in the Listing Agreement for the Bonds;
- (b) the credit rating obtained for the Bonds shall be periodically reviewed by the credit rating agency) and any revision in the rating shall be promptly disclosed

by the Bank to NSE;

- (c) any change in credit rating shall be promptly disseminated to the Bondholder(s) in such manner as NSE may determine from time to time;
- (d) The Bank, the Trustees and NSE shall disseminate all information and reports on the Bonds including compliance reports filed by the Banks and the Trustees regarding the Bonds to the Bondholder(s) and the general public by placing them on their websites;
- (e) Trustees shall disclose the information to the Bondholder(s) and the general public by issuing a press release and placing on the websites of the Trustees, the Bank and NSE, in any of the following events:
  - (i) default by Bank to pay interest on the Bonds or redemption amount;
  - (ii) revision of the credit rating assigned to the Bonds.
- (f) The Bank shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. Besides, the Bank shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all Qualified Institutional Buyers ("QIBs") and other existing Bondholder(s) within two working days of their specific request.

## **50. Material Contracts & Agreements Involving Financial Obligations Of The Issuer**

By very nature of its business, the Bank is involved in a large number of transactions involving financial obligations and therefore it may not be possible to furnish details of all material contracts and agreements involving financial obligations of the Bank. However, the contracts referred to in Para A below (not being contracts entered into in the ordinary course of the business carried on by the Bank) which are or may be deemed to be material have been entered into by the Bank. Copies of these contracts together with the copies of documents referred to in Para B may be inspected at the Head Office of the Bank between 10.00 a.m. and 2.00 p.m. on any working day until the issue closing date.

### **A. Material contracts**

- a. Letter appointing Registrars and Agreement entered into between the Bank and the Registrars.

- b. Letter appointing Trustees to the Bondholders.

**B. Documents**

The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:

- a. The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended from time to time.
- b. Board resolution dated November 19, 2015, authorizing issue of Bonds offered under terms of this Disclosure Document.
- c. Letter of consent from the Trustees for acting as trustees for and on behalf of the holder(s) of the Bonds.
- d. Letter of consent from the Registrars for acting as Registrars to the Issue.
- e. Application made to the NSE for grant of in-principle approval for listing of Bonds.
- f. Letter from ICRA Limited conveying the credit rating for the Bonds.
- g. Letter from CRISIL Limited conveying the credit rating for the Bonds.
- h. Letter from India Ratings & Research Pvt Limited conveying the credit rating for the Bonds.
- i. Tripartite Agreement between the Bank, NSDL and Registrars for issue of Bonds in dematerialised form.
- j. Tripartite Agreement between the Bank, CDSL and Registrars for issue of Bonds in dematerialised form.

**C. Disclosure of cash flows: Cash Flow (As per SEBI CIR/IMD/DF/18/2013 dated 29/10/2013):**

Please see Annexure VII hereof.

#### IV. SUMMARY TERM SHEET FOR THE ISSUE

|   |   |
|---|---|
| <b>Security Name</b>                                      | 8.40% CANARA BANK Tier 2 Bonds 2015-16 referred to herein as Series II Bonds  |
| <b>Issuer</b>   | Canara Bank (“CB”/ the “Bank”/ the “Issuer”)  |
| <b>Type of Instrument</b>                                 | Unsecured, Non-Convertible, Redeemable Basel-III Compliant Tier 2 Bonds in the nature of Debentures of Rs 10 Lakh each  |
| <b>Nature Of Instrument</b>                               | Unsecured   |
| <b>Seniority of the Bonds</b>                             | <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 1 Capital of the Bank;</li> <li>(ii) subordinate to the claims of all depositors and general creditors of the Bank; and</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>   |
| <b>Mode of Issue</b>                                      | Private placement in demat form.  |
| <b>Eligible Investors</b>                                 | <ul style="list-style-type: none"> <li>a) Mutual Funds;</li> <li>b) Public Financial Institutions as defined under the Companies Act;</li> <li>c) Scheduled Commercial Banks;</li> <li>d) Insurance Companies;</li> <li>e) Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds;</li> <li>f) Co-operative Banks;</li> <li>g) Regional Rural Banks authorized to invest in bonds / debentures;</li> <li>h) Companies and Bodies Corporate authorized to invest in bonds / debentures;</li> <li>i) Trusts authorized to invest in bonds / debentures and</li> <li>j) Statutory Corporations / Undertakings established by Central / State legislature authorized to invest in bonds / debentures etc.</li> </ul> <p>This Issue is restricted only to the above class of investors. Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the issue.</p> |
| <b>Listing (including name of stock exchange(s) where</b> | Proposed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited (“NSE”)   |



|   |   |
|---|---|
| it will be listed and timeline for listing)   |   |
| Rating of the Bonds   | <ol style="list-style-type: none"> <li>1. CRISIL AAA/Stable' by CRISIL limited.</li> <li>2. [ICRA] AAA(hyb) (pronounced ICRA Triple A hybrid) rating with Stable Outlook by ICRA Limited. Instruments with an [ICRA] AAA rating are considered to have a highest degree of safety regarding timely servicing of financial obligations.</li> <li>3. 'IND AAA' rating with a Stable Outlook by India Ratings &amp; Research Private Limited.</li> </ol> |
| Issue Size  | Rs 900 Crore (Rupees Nine Hundred Crores)   |
| Option to retain oversubscription (Amount)  | Not Applicable  |
| Objects of the Issue  | Augmenting overall capital of the Bank, including Tier 2 Capital, for strengthening its capital adequacy as per Basel-III Regulations, for future growth and for enhancing long-term resources.   |
| Utilization of Issue Proceeds   | <p>The funds being raised by the Bank through this Private Placement are not meant for financing any particular project. The Bank shall utilize the proceeds of the issue for its regular business activities.</p> <p>The Bank undertakes that proceeds of the present issue shall not be used for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the RBI / SEBI / Stock Exchange(s).</p>                  |
| Coupon Rate   | 8.40%   |
| Coupon Type   | Fixed   |
| Step Up/ Step Down Coupon Rate  | None  |
| Coupon Payment Frequency  | Annual  |
| Coupon Reset Process (including rates, spread, effective date, interest rate cap & floor etc) | Not Applicable  |
| Coupon Payment Dates  | Annually, as more particularly illustrated in the cash flow statement in Annexure VII hereof.   |
| Day Count basis   | Actual / Actual.  |

|   |   |
|---|---|
| <b>Interest on Application Money</b>    | <p>This shall be paid at the coupon rate (subject to deduction of Income Tax as per the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer's Bank Account upto one day prior to the Deemed Date of Allotment.</p> <p>The interest on application money will be computed as per Actual/Actual day count convention. Such interest would be paid on all valid applications, including the refunds. Where the entire subscription amount has been refunded, the interest on application money will be paid along with the Refund Orders. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money.</p> <p>Tax Deducted at Source ("TDS") will be deducted at the applicable rate on interest on application money.</p> <p>The refund amounts together with interest thereon shall be paid by the Issuer to the relevant applicants within 15 days from the Deemed Date of Allotment.</p> |
| <b>Default Interest Rate</b>            | <p>In case of default in payment of Interest and/or principal redemption on the due dates, additional interest at 2% p.a. over the coupon rate will be payable by the Issuer for the defaulting period.</p> <p>However, any non-payment of interest and / or principal on account of RBI Guidelines on Basel III capital regulations and other provisions of this Summary Term Sheet, no such default interest shall be payable.</p>  |
| <b>Tenor</b>                            | Redeemable after 120 (one hundred twenty) months i.e. 10 years from the Deemed Date of Allotment.   |
| <b>Redemption Date</b>                  | 10 (ten) years from the Deemed date of Allotment.   |
| <b>Redemption Amount</b>                | At par along with interest accrued till one day prior to the Redemption Date  |
| <b>Premium / Discount on Redemption</b> | Nil   |
| <b>Issue Price</b>                      | At par (Rs. 10,00,000 per Bond)   |
| <b>Premium / Discount on Issue</b>      | Nil   |
| <b>Put Date</b>                         | Not applicable  |
| <b>Put Option Price</b>                 | Not applicable  |