

Circle/Ward/District. As per the provision of Section 139A (5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the applicant should mention his PAN/GIR No. In case neither the PAN nor the GIR Number has been allotted, the applicant shall mention "Applied for" and in case the applicant is not assessed to income tax, the applicant shall mention "Not Applicable" (stating reasons for non applicability) in the appropriate box provided for the purpose. Application Forms without this information will be considered incomplete and are liable to be rejected.

All applicants are requested to tick the relevant column "Category of Investor" in the Application Form. Public/ Private/Religious/ Charitable Trusts, Provident Funds and Other Superannuation Trusts and other investors requiring "approved security" status for making investments.

*For further instructions about how to make an application for applying for the Bonds and procedure for remittance of application money, please refer to the Summary Term Sheet and the Application Form (Annexure VI hereof).*

**33. Force Majeure**

The Bank reserves the right to withdraw the issue prior to the Issue Closing Date in the event of any unforeseen development adversely affecting the economic and regulatory environment.

**34. Applications Under Power of Attorney**

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) 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. Further modifications/ additions in the power of attorney or authority should be notified to the Bank or to the Registrars or to such other person(s) at such other address(es) as may be specified by the Bank from time to time through a suitable communication.

**35. Application by Mutual Funds**

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

**36. Application by Provident Funds, Superannuation Funds and Gratuity Funds**

The applications must be accompanied by certified true copies of (i) Trust Deed/Bye Laws/Resolutions, (ii) Resolution authorising investment and (iii) specimen

signatures of the authorised signatories. Those desirous of claiming tax exemptions 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/55166 dated December,23,2015.

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 (Series I)
<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 it will be listed and</b>	Proposed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited ("NSE")

timeline for listing)	
Rating of the Bonds	<ol style="list-style-type: none"> <li>1. CRISIL AAA/Stable' by CRISIL.</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 1500 Crore (Rupees One Thousand Five 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, 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% per annum
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 on 31 <sup>st</sup> December
Day Count basis	Actual / Actual.
Interest on	This shall be paid at the coupon rate (subject to deduction of

<b>Application Money</b>	<p>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
<b>Call Date</b>	Not applicable

<b>Conditions for exercise of Call Option</b>	Not applicable
<b>Call Option Price</b>	Not applicable
<b>Put Notification Time</b>	Not applicable
<b>Call Notification Time</b>	Not applicable
<b>Face Value</b>	Rs. 10,00,000 (Rupees Ten lakhs) per Bond
<b>Minimum Application</b>	Five Bonds and in multiples of 1 Bond thereafter
<b>Issue Timing:</b>	
1. Issue Opening Date	31.12.2015
2. Issue Closing Date	31.12.2015
3. Pay-in Date	31.12.2015
4. Deemed Date of Allotment	31.12.2015
<b>Issuance mode of the Bond</b>	In Demat mode only.
<b>Trading mode of the Bond</b>	In Demat mode only
<b>Settlement mode of the Bond</b>	Payment of interest and repayment of principal amount shall be made by the Bank by way of cheque(s)/ interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT mechanism.
<b>Depository</b>	NSDL and CDSL.
<b>Business Day Convention</b>	"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.
<b>Effect of Holiday</b>	<p>If any Coupon Payment Date falls on a day which is not a Business Day, the payment of coupon shall be made by the Bank on the immediately succeeding Business Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date.</p> <p>If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Bank on the immediately preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.</p>
<b>Record Date</b>	15 days prior to the relevant Coupon Payment Date/ Redemption Date.

		In the event the Record Date falls on a day which is not a Business Day, the next business day will be considered as the Record Date.
<b>Security</b>		Unsecured
<b>Transaction Documents</b>		<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;</li> <li>Letter appointing Registrar and Agreement entered into between the Issuer and the Registrar;</li> <li>Rating Agreement with CRISIL Limited, ICRA Limited &amp; India Ratings &amp; Research;</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>Application made to NSE for seeking its in-principle approval for listing of Bonds</li> <li>Listing Agreement with NSE.</li> </ol>
<b>Conditions precedent to subscription of Bonds</b>		<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 CRISIL Limited, ICRA Limited &amp; India Ratings &amp; Research not being more than one month old from the issue opening date;</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> </ol>
<b>Conditions subsequent to subscription of Bonds</b>		<p>The Issuer shall ensure that the following documents are executed/ activities are completed as per terms of this Disclosure Document:</p> <ol style="list-style-type: none"> <li>Credit of demat account(s) of the Allottee(s) by the number of Bonds allotted within 2 working days from the Deemed Date of Allotment;</li> <li>Making application to NSE within 15 days from the Deemed Date of Allotment to list the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment of bonds in pursuant to SEBI Debt regulation; and:</li> <li>Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Disclosure Document.</li> </ol>
<b>Events of Default and Treatment in</b>		The Bondholder shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in

<b>Bankruptcy/ Liquidation</b>	bankruptcy and liquidation of the Issuer.
<b>Provisions related to Cross Default</b>	Not applicable.
<b>Role and Responsibilities of Debenture Trustee</b>	<p>The Trustee shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debentures Trustees) Regulation, 1993, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.</p> <p>The Trustee shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds, in accordance with applicable laws. The Trustee shall ensure disclosure of all material events on an ongoing basis.</p> <p>The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit &amp; 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 Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustee and the Trustees shall be obliged to share the details so submitted with all "Qualified Institutional Buyers" (QIBs) and other existing bondholder(s) within two working days of their specific request.</p>
<b>Governing Law and Jurisdiction</b>	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.
<b>Convertibility of Bonds</b>	Non-Convertible

<b>Condition to Redemption</b>	The Bonds shall be redeemed at par along with interest accrued till one day prior to the Redemption Date.
<b>Loss Absorbency</b>	<p>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).</p> <p>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).</p>
<b>PONV</b>	<p>The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent), at the option of the RBI, can be written down upon the occurrence of the trigger event, called "Point of Non-Viability Trigger" (PONV Trigger)</p> <p>The PONV Trigger event shall be the earlier of:</p> <p>a) a decision that the permanent write off, without which the Bank would become non-viable, is necessary, as determined by the Reserve Bank of India; and</p> <p>b) the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the relevant authority. Such a decision would invariably imply that the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.</p> <p>For this purpose, the Bank will 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</p>

	<p>or without other measures as considered appropriate by the Reserve Bank of India (RBI).</p> <p>The Bank facing financial difficulties and approaching a PONV shall be deemed to achieve viability if within a reasonable time in the opinion of RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including write-off/public sector injection of funds are likely to:</p> <ul style="list-style-type: none"> <li>a) Restore confidence of the depositors/ investors;</li> <li>b) Improve rating/ creditworthiness of the bank and thereby improving its borrowing capacity and liquidity and reduce cost of funds; and</li> <li>c) Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.</li> </ul> <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><b>Other Events or Treatment in the event of Winding-Up, Amalgamation, Acquisition, Re Constitution etc. of the Bank</b></p>	<p><i>Treatment of Bonds in the event of Winding-Up:</i></p> <ul style="list-style-type: none"> <li>a. If the Bank goes into liquidation before the Bonds have been permanently written-off, these Bonds will absorb losses in accordance with the order of Seniority indicated in the Information Memorandum and as per usual legal provisions governing priority of charges;</li> <li>b. If a bank goes into liquidation after the Bonds have been permanently written-off, the holders of these instruments will have no claim on the proceeds of liquidation.</li> </ul> <p><i>Amalgamation of a banking company (section 44A of the Banking Regulations Act, 1949):</i></p> <ul style="list-style-type: none"> <li>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.</li> <li>b. 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.</li> </ul> <p><i>Scheme of reconstitution or amalgamation of a banking company</i></p>



	<p>If the relevant authorities decide to reconstitute the Bank or amalgamate the Bank with any other bank under the Section 45 of BR Act, 1949, the Bank will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the trigger at the point of non-viability for write-off of the Bonds will be activated. Accordingly, the Bonds will be fully written-off permanently before amalgamation / reconstitution in accordance with these rules.</p> <p>The Order of write-off of the present Tier 2 Bonds vis-à-vis other capital instruments which the Bank has already issued or may issue in future, will be in accordance with the order of "Seniority of the Bonds" as mentioned earlier in the Information Memorandum and per usual legal provisions governing priority of charges.</p>	
<b>Treatment in Bankruptcy / Liquidation</b>	The Bondholders have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation.	
<b>Registrars</b>	Canbank Computer Services Limited	
<b>Compliance Officer</b>	Company Secretary of the Bank, details provided in the Information Memorandum.	
<b>Payment Mode</b>	The remittance of application money should be made by electronic transfer of funds through RTGS mechanism for credit to an Account as furnished below:	
	<b>Name of the Banker</b>	Canara Bank
	<b>Account Name</b>	Canara Bank A/c- Tier II Bonds 2015-16
	<b>Credit into Current A/c No.</b>	2426201100278
	<b>IFSC Code</b>	CNRB0002426
	<b>Address of the Branch</b>	115, 11th Floor, Atlantic Building, Nariman Point, Mumbai 40021
<b>Additional Covenants</b>	<b>Narration</b>	Application Money for the Bond Issue
	<p><u>Delay in Listing:</u> The Issuer shall complete all formalities and seek listing permission within 15 days from the Deemed Date of Allotment. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest of 1.00% per annum over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).</p> <p><u>Refusal of Listing:</u> If listing permission is refused before the expiry</p>	

	<p>of the 20 days from the Deemed Date of Allotment, the Issuer shall forthwith repay all monies received from the applicants in pursuance of the Disclosure Document along with penal interest of 1.00% per annum over the Coupon Rate from the expiry of 20 days from the Deemed Date of Allotment.</p> <p><u>Modification of Issue schedule:</u> The Bank reserves its sole and absolute right to modify (pre -pone/ postpone) the above issue schedule without giving any reasons or prior notice. The Bank also reserves its sole and absolute right to change the deemed date of allotment of the above issue without giving any reasons or prior notice. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer. The Bank reserves the right to close the Issue earlier than the stipulated issue closing date and it is further clarified that the Bank need not wait for any minimum subscription amount to the Bonds before closing the Issue.</p>
<b>Applicable RBI Guidelines</b>	<p>The present issue of Bonds is being made in pursuance of Master Circular No. DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015 issued by the Reserve Bank of India on Basel III capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital (Annex 5) and minimum requirements to ensure loss absorbency of additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the PONV (Annex 16)</p>
<b>Prohibition on Purchase / Funding of Instruments</b>	<p>Neither the Bank nor a related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards) shall purchase the Bonds, nor shall the Bank directly or Indirectly fund the purchase of the Bonds. The Bank shall also not grant advances against the security of the Bonds issued by it.</p>

## V. DECLARATION

The Bank undertakes that this Disclosure Document contains full disclosures in accordance with 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 and 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 and Securities and Exchange Board of India (Issue of Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended and as may be amended from time to time (together, the “SEBI Debt Regulations”) and the Reserve Bank of India (“RBI”) master circular on ‘Basel III Capital Regulations’ issued vide circular no. RBI/2015-16/58 DBR.NO.BP.BC.1/21.06.201/2015-16 dated July 01, 2015.

The Bank also confirms that this Disclosure Document does not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made, misleading. The Disclosure Document also does not contain any false or misleading statement.

The Bank accepts no responsibility for the statement made otherwise than in the Disclosure Document or in any other material issued by or at the instance of the Bank and that any one placing reliance on any other source of information would be doing so at his own risk.

Signed pursuant to internal authority granted.

For Canara Bank



General Manager, Authorised Signatory

Place: Bengaluru, Karnataka

Date: December 28, 2015



Annexure – I

CRISIL Rating Letter



CONFIDENTIAL

Ref No: CRISIL/CRISILBANK/2015-16/1562

December 21, 2015

Mrs. M.A.K. Prabhu  
General Manager – Treasury & Investment Division,  
Canara Bank  
Maker Chamber III,  
7th Flr, Nariman Point,  
Mumbai – 400 021.  
Ph: 022 – 2283 4314 / Fax: 022 – 2280 0100

Dear Mr. Prabhu,

Re: CRISIL Rating for the Rs.24.0 billion Tier II Bond Issue (under BASEL, III) of Canara Bank

We refer to your request for a rating for the captioned Debt Programme.

CRISIL has, after due consideration, assigned a "CRISIL AAA/Stable" (pronounced "CRISIL triple A rating with stable outlook") rating to the captioned Debt Programme. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to suspend, withdraw, or revise the rating / outlook assigned to the captioned issue at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. The terms of the instrument are mentioned in Annexure I. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per the latest SEBI circular<sup>1</sup> on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN) along with the reference number and the date of the rating letter of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crsil.com](mailto:debtissue@crsil.com). This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at [debtissue@crsil.com](mailto:debtissue@crsil.com).

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Rishi Shanker  
Director – Financial Sector Ratings

Vybhavishini Ramaswamy  
Manager – Financial Sector Ratings



<sup>1</sup> Please refer to SEBI circular bearing reference number: CIR/IMP/DF/1/2013 on Centralized Database for Corporate Bonds/ Debentures dated October 22, 2013

A CRISIL rating reflects CRISIL's current opinion on the creditworthiness of timely payments of the obligations under the rated instrument, and does not constitute an endorsement or a recommendation by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor.

CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and expressly states that it has no responsibility whatsoever to the debenture / equity / debenture / equity holders of its ratings. For the latest rating information or any instrument of any company rated by CRISIL, please contact CRISIL Ratings Desk at [CRISILratings@crsil.com](mailto:CRISILratings@crsil.com) or at (+91 22) 3542 3000 / 3050.

Classification: EXTERNAL

CRISIL Limited

Corporate Identity Number: 157120MH1987PLC042363

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