A Government of India undertaking
Constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970

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ISSUE OF UP TO 15,000 UNSECURED, NON-CONVERTIBLE, ADDITIONAL TIER I, PERPETUAL, BASEL III COMPLIANT BONDS IN THE NATURE OF DEBENTURES OF FACE VALUE Rs. 1,000,000 EACH ("BONDS") AT PAR AGGREGATING UP TO Rs. 1,500 CRORE ON A PRIVATE PLACEMENT BASIS ("ISSUE"), BY CANARA BANK ("ISSUER" OR "BANK")

DISCLOSURE DOCUMENT

Date: February 14, 2015

BACKGROUND

This Disclosure Document has been prepared in conformity with the 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 6, 2008 as amended pursuant to the 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 and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014 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/2014-15/103 DBOD.NO.BP.BC.6/21.06.201/2014-15 dated July 1, 2014 and the RBI circular on 'Implementation of Basel III Capital Regulations in India – Amendments' issued vide circular no. RBI/2014-15/201 DBOD.NO.BP.BC.38/21.06.201/2014-15 dated September 1, 2014 and as may be amended from time to time (together, the "**Basel III Regulations**").

This Disclosure Document is related to the Bonds to be issued by the Issuer on a private placement basis and contains relevant information and disclosures required for the purpose of the Issue. The Issue has been authorised by the Issuer through a resolution passed by the board of directors of the Issuer on September 30, 2014.

GENERAL RISK

As the Issue is being made on a private placement basis, this Disclosure Document has not been submitted to or cleared by the Securities and Exchange Board of India ("**SEBI**"). The Issue has not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Disclosure Document. Investment in debt and debt related securities involve a degree of risk and investors should not invest any funds in debt instruments unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the Disclosure Document carefully before investing in the Bonds. For taking an investment decision, investors must rely on their examination of the Issue including the risks involved in it. Specific attention of the investors is invited to the summarized risk factors mentioned elsewhere in this Disclosure Document.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Disclosure Document contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Disclosure 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 makes this Disclosure Document as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

Basel III compliant Additional Tier I Bonds:

[ICRA] AA(hyb) (pronounced ICRA double A hybrid) rating with Stable Outlook by ICRA Limited. Instruments with an [ICRA] AA rating are considered to have a high degree safety regarding timely servicing of financial obligations.

'IND AA' by India Ratings & Research Private Limited.

The rating(s) are not a recommendation to buy, sell or hold securities and investors should take their own decisions. The rating may be subject to revision or withdrawal at any time by the assigning rating agency on the basis of new information. Each rating should be evaluated independent of any other rating.

LISTING

The Bonds are proposed to be listed on the Wholesale Debt Market ("**WDM**") segment of the National Stock Exchange of India Limited ("**NSE**").

Registrar to the Issue
Canbank Computer Services Limited
R & T Centre
218, J.P. Royale
1st Floor, 2nd Main
Sampige Road (Near 14th Cross)
Malleswaram, Bengaluru – 560 003
Tel. No.: 080 2346 9661
Email: mailto:canbankrta@ccsl.co.in

Trustee to the Bondholders
SBICAP Trustee Company Limited
Corporate Office
Apeejay House
6th Floor, 3 Dinshaw Wachha Road
Churchgate
Mumbai – 400 020
Tel No.: 022 4302 5555; Fax No.: 022 2204 0465
Email: helpdesk@sbicaptrustee.com

This Schedule prepared pursuant to the SEBI Debt Regulations for the private placement of Bonds is neither a prospectus nor a statement in lieu of prospectus and does not constitute an offer to the public generally to subscribe for or otherwise acquire the Bonds to be issued by the Issuer. This is only an information brochure intended for private use.

ISSUE SCHEDULE

Issue Opening Date: February 16, 2015	**Issue Closing Date:** March 5, 2015	**Deemed Date of Allotment:** March 5, 2015

The Issuer reserves the right to change the Issue Schedule including the Deemed Date of Allotment at its sole discretion, without giving any reasons or prior notice. The Issue shall be open for subscription during the banking hours on each day during the period covered by the Issue Schedule.

DISCLAIMERS

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DEFINITIONS AND ABBREVIATIONS

Additional Tier 1 Capital	Additional Tier 1 Capital shall have the meaning ascribed to it under clause 4.2.4 of the Basel III Regulations.
Allotment	The issue and allotment of the Bonds to the successful Applicants in the Issue.
Allottee	A successful Applicant to whom the Bonds are allotted pursuant to the Issue, either in full or in part.
Applicant/ Investor	A person who makes an offer to subscribe the Bonds pursuant to the terms of this Disclosure Document and the Application Form.
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for allotment of Bonds in the Issue.
AFS	Available for Sale.
AGM	Annual General Meeting.
ANBC	Adjusted Net Bank Credit.
ATM	Automated Teller Machine.
AWF	Average Working Funds.
Banking Companies Act	The Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, as amended from time to time.
Banking Regulation Act	The Banking Regulation Act, 1949, as amended from time to time.
Basel III Regulations	The term Basel III Regulations in the Disclosure Document, the Term Sheet and the notes to the Term Sheet refers to the RBI master circular on 'Basel III Capital Regulations' issued vide circular no. RBI/2014-15/103 DBOD.NO.BP.BC.6/21.06.201/2014-15 dated July 1, 2014 and the RBI circular on 'Implementation of Basel III Capital Regulations in India – Amendments' issued vide circular no. RBI/2014-15/201 DBOD.NO.BP.BC.38/21.06.201/2014-15 dated September 1, 2014. The RBI master circular on 'Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital Adequacy Framework (NCAF)' issued vide circular no. DBOD.No.BP.BC.5/21.06.001/2014-15 dated July 1, 2014 may, however, be referred to during the Basel III transition period for regulatory adjustments/ deduction up to March 31, 2017.
Bondholder(s)	Any person or entity holding the Bonds and whose name appears in the list of Beneficial Owners provided by the Depositories.
Beneficial Owner(s)	Bondholder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996).
Board/ Board of Directors	The Board of Directors of Canara Bank or a committee constituted thereof, unless otherwise specified.
Bond(s)	Unsecured Non-Convertible Additional Tier 1 Perpetual Basel III compliant Bonds for inclusion in Additional Tier 1 Capital in the nature of Debentures of face value of Rs. 1,000,000 each at par to be issued by the Issuer through private placement route under the terms of this Disclosure Document.
Record Date	Reference date for payment of interest/ repayment of principal.

CAR	Capital Adequacy Ratio.
CAGR	Compounded Annual Growth Rate.
CBSL	Canara Bank Securities Limited.
CCSL	Canbank Computer Services Limited.
CDSL	Central Depository Services (India) Limited.
CFL	Canbank Factors Limited.
CFHL	Can Fin Homes Limited.
CIBL	Commercial Indo Bank LLC.
CMD	Chairman & Managing Director of the Issuer.
CRR	Cash Reserve Ratio.
CRAMC	Canara Robeco Asset Management Company Limited.
CRAR	Capital to Risk weighted Assets Ratio.
CRISIL	Credit Rating Information Services of India Limited.
CSR	Corporate Social Responsibility.
CVCFL	Canbank Venture Capital Fund Limited.
Canfina	Canbank Financial Services Limited.
Common Equity Tier 1 Capital	Common Equity Tier 1 Capital shall have the meaning ascribed to it under clause 4.2.3 of the Basel III Regulations.
Companies Act	The Companies Act, 1956 as amended (without reference to the sections thereof that have ceased to have effect upon notification of sections of the Companies Act, 2013) read with applicable provisions of the Companies Act, 2013, to the extent notified and in effect.
Debt Securities	Non-Convertible debt securities which create or acknowledge indebtedness and include debenture, bonds and such other securities of a body corporate or any statutory body constituted by virtue of a legislation, whether constituting a charge on the assets of the Bank or not, but excludes security bonds issued by GOI or such other bodies as may be specified by SEBI, security receipts and securitized debt instruments.
Debenture Trustee Regulations	Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended from time to time.
Deemed Date of Allotment	The cut-off date declared by the Bank from which all benefits under the Bonds including interest on the Bonds shall be available to the Bondholder(s). The actual allotment of Bonds (i.e. approval from the Board of Directors or a Committee thereof) may take place on a date other than the Deemed Date of Allotment.
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.

Depository Participant	A depository participant as defined under the Depositories Act.
Disclosure Document	Disclosure document dated February 14, 2015 in relation to the private placement of unsecured non-convertible Additional Tier 1, perpetual Basel III compliant Bonds for inclusion in Additional Tier 1 Capital in the nature of debentures of face value Rs. 1,000,000 each at par aggregating Rs. 1500 Crore by the Issuer.
DP	Depository Participant.
DRR	Bond/ Debenture Redemption Reserve.
ECGC	Export Credit and Guarantee Corporation of India.
ECS	Electronic Clearing Service.
EGM	Extraordinary General Meeting.
EPS	Earnings Per Share.
FIs	Financial Institutions.
FIIs	Foreign Institutional Investors.
Financial Year/ FY	Period of twelve months ending March 31, of that particular year.
GAAP	Generally Accepted Accounting Practices.
GIR	General Index Registration Number.
GOI	Government of India/ Central Government.
HFT	Held for Trading.
HTM	Held to Maturity.
Trustees/ Bond Trustees/ Debenture Trustees	Trustees for the Bondholders in this case being SBICAP Trustee Company Limited.
ICRA	ICRA Limited.
IFRS	International Financial Reporting Standards.
IPO	Initial Public Offering.
IRDA	Insurance Regulatory Development Authority.
IRR	India Ratings & Research Private Limited.
Issue	Private placement of unsecured non-convertible Additional Tier 1, perpetual Basel III compliant Bonds for inclusion in Additional Tier 1 Capital in the nature of debentures of face value Rs. 1,000,000 each at par aggregating Rs. 1500 Crore by the Issuer.
Issuer/ Bank	Canara Bank, constituted under the Banking Companies Act and having its Head Office at 112, J. C. Road, Bengaluru – 560 002.
IT Act	The Income Tax Act, 1961, as amended from time to time.
Listing Agreement	Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities

	issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated November 26, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-1/2010 dated January 07, 2010, further amendment to debt listing agreement and disclosure issued by SEBI vide circular no. CIR/IMD/DF/18/2013, dated October 29, 2013.
MF	Mutual Fund.
MSME	Micro Small and Medium Enterprises.
NASSCOM	National Association of Software and Services Companies.
NECS	National Electronic Clearing Service.
NEFT	National Electronic Funds Transfer.
NRI	Non-Resident Indian.
NSDC	National Skill Development Corporation.
NSDL	National Securities Depository Limited.
NPA	Non-performing asset.
NSE	National Stock Exchange of India Limited, being the stock exchange on which the Bonds are proposed to be listed.
PAN	Permanent Account Number.
PONV	Point of Non-Viability.
PONV Trigger	The PONV Trigger event is the earlier of: a) a decision that a permanent write off is necessary without which the Bank would become non viable, as determined by the RBI; and b) the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non viable, as determined by the relevant authority. The write-off consequent upon the trigger event shall occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. For this purpose, a non-viable bank will be: a) A bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the RBI unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a 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 with or without other measures as considered appropriate by the RBI. b) A 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 permanent write-off/public sector injection of funds are likely to:

	(i) Restore confidence of the depositors/ investors; (ii) Improve rating/ creditworthiness of the bank and thereby improving its borrowing capacity and liquidity and reduce cost of funds; and (iii) Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.
Rs./INR	Indian National Rupee.
RBI	Reserve Bank of India.
RRB	Regional Rural Bank.
RTGS	Real Time Gross Settlement.
Registrar	Registrar to the Issue, in this case being Canbank Computer Services Limited.
SARFAESI Act	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended from time to time.
SEBI	The Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992.
SEBI Debt Regulations	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 , pursuant to the 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, and the Securities and Exchange Board of India (Issue and Listing of Debt Securities) (amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014 and as may be amended from time to time.
SLR	Statutory Liquidity Ratio.
TDS	Tax Deducted at Source.
USD/ U.S.$/ $	United States Dollar.
WDM	Wholesale Debt Market.
y-o-y	Year over year.

I. RISK FACTORS

1. Risks Relating to the Bank's Business

Deterioration in the performance of any of the industry sectors to which we have significant exposure may adversely affect our business and, in turn, our results of operations.

We have credit exposure to a variety of industry sectors in India. As of September 30, 2014, the Bank's five largest industry exposures (sum of fund based, non-fund based facilities and investment outstanding) were to infrastructure at Rs. 718.98 billion, basic metal and metal products at Rs. 220.30 billion, engineering at Rs. 137.16 billion, textiles at Rs. 133.19 billion and construction at Rs. 98.41 billion. As of September 30, 2014, the Bank's total outstanding exposure to these five sectors aggregated Rs. 1,308.04 billion, constituting 45.2% of our total gross domestic advances. The global and domestic trends in these industries may have a bearing on our financial position. Any significant deterioration in the performance of a particular industry caused by events outside our control, such as global or domestic economic trends, regulatory action or policy announcements by GOI or state government authorities, could adversely affect the ability of borrowers in that industry to service their loans to us. As a result, we could experience increased delinquencies in such industries, which may adversely affect our business and results of operations. Moreover, concentration of exposure to a limited group of industries could exacerbate the adverse effect.

Our loan portfolio is significantly exposed to the infrastructure industry and any deterioration in the performance of this industry may adversely impact our business and results of operations.

The Bank's credit exposure to the infrastructure industry, which is the Bank's largest industry as of September 30, 2014, constituted 24.8% of the total credit exposure. Any significant deterioration in the performance of the infrastructure sector, including due to regulatory action or policy announcements by the GOI or any particular state Government, could adversely affect the ability of borrowers in the infrastructure industry to service their debt obligations owed to us. Within the infrastructure industry, we have a particular focus on the power sector, a sector that has been marked with coal sourcing issues, non-performing assets, plant viability issues and non-payment or delay in payments from purchasers of power. Moreover, several state owned power distribution companies faced financial distress in recent times, and were required to restructure their outstanding indebtedness, adversely affecting our interest income from such sector.

Further, infrastructure projects under development are open to risks arising out of cost overruns, failure of borrowers to execute projects on time, delay in getting approvals from necessary authorities and breach of contractual obligations by counterparties, all of which may adversely affect projected cash flows. We cannot assure you that these projects will perform as anticipated. Risks arising out of delays in project implementation or commissioning could lead to a rise in delinquency rates and in turn, adversely affect our business and results of operations.

Most of the incremental funding requirements are met through short-term funding sources, primarily in the form of retail deposits, as well as deposits from corporate customers and inter-bank deposits. Further, the Bank receives funding from capital reserves and borrowings. The customer deposits mostly have a maturity of less than two years. However, a large portion of our loans to the infrastructure sector, have medium or long-term maturities, creating the potential for funding mismatches. If a significant portion of our depositors do not roll over deposited funds upon maturity or do so for a shorter maturity than that of our credit exposures, our liquidity position could be adversely affected.

If we are not able to control or reduce the level of non-performing assets in our portfolio, our NPA portfolio may deteriorate and our business and results of operations will be adversely affected.

As of September 30, 2014, the Bank's net non-performing assets ("**NPAs**") amounted to Rs. 71.70 billion or 2.3% of the Bank's net advances. Various factors could contribute to a rise in the level of NPAs, including an adverse effect on the business and results of operations of our borrowers, a rise in unemployment, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates and increased competition. The RBI regulates some aspects of the recovery of non-performing loans, such as through the use of recovery agents. Any limitation on our ability to recover, control and reduce non-performing and restructured loans as a result of these guidelines or otherwise may affect our collections and ability to foreclose on existing NPAs.

Under the directed lending regulations of the RBI, the Bank is required to extend at least 40.0% of the adjusted net bank credit to certain eligible sectors, which are categorised as "priority sectors". The RBI regulations in this regard stipulate that the Bank is required to lend at least 10.0% of the adjusted net bank credit to weaker sections of society and at least 18.0% the adjusted net bank credit to the agriculture sector. The Bank may experience a significant increase in NPAs in our directed lending portfolio, particularly in relation to loans to the agriculture sector and small enterprises, where we do not have significant control over the portfolio quality and where economic difficulties and the impact from inclement weather are likely to affect our borrowers more severely. Any change in the RBI regulations may require us to increase our lending to relatively riskier segments, which may result in an increase in NPAs in the directed lending portfolio.

If we are not able to control and reduce our NPAs, or if there is a further significant increase in restructured loans, our business and results of operations could be adversely affected.

As of September 30, 2014, the Bank's provision for loan losses as a percentage of NPAs was 58.7% (as compared to the RBI's minimum requirement of 70.0%). However, there can be no assurance that there will be no deterioration in the provisioning coverage as a percentage of gross NPAs or otherwise or that the percentage of NPAs that we will be able to recover will be similar to our past NPA recovery experience. Any deterioration in our NPA portfolio and recovery rate could adversely affect our business and results of operations.

The level of restructured loans in the Bank's portfolio may increase and the failure of our restructured loans to perform as expected could adversely affect the business or results of operations and financial condition of the Bank.

Our assets include restructured loans. The global and Indian economic slowdown and its impact on the equity and debt markets have adversely affected the capacity utilisation, profitability and cash accruals of some of our borrowers and their ability to access equity and debt financing and have resulted in an increase in the level of restructured assets during the financial years 2012, 2013 and 2014.

The RBI has now mandated banks to disclose further details on restructured accounts in their annual reports. This includes disclosing accounts restructured on a cumulative basis, but excluding the standard restructured accounts which cease to attract higher provisions or higher risk weight, the provisions made on restructured accounts under various categories and details of the movements of restructured accounts. In addition, we are required to assign a risk weight of 125.0% on the accounts of unrated borrowers whose obligations have been subjected to restructuring or rescheduling until satisfactory performance under the revised payment schedule has been established for one year from the date when the first payment of interest or principal falls due under the revised schedule.

Further, in May 2013, the RBI issued final guidelines on the restructuring of loans. Pursuant to those guidelines, loans that are restructured (other than due to delays in project implementation under certain conditions and up to specified periods) from April 1, 2015, onwards would be classified as non-performing. The RBI also issued guidelines on May 30, 2013 for the treatment of restructurings for multiple revisions of date of commencement of commercial operations and consequential shifts in repayment schedules.

As prescribed by the RBI guidelines restructured accounts classified as standard advances will attract a higher provision (as prescribed from time to time) in the first two years from the date of restructuring. In cases of a moratorium on payment of interest or principal after restructuring, such advances will attract the prescribed higher provision for the period covering the moratorium and the two years thereafter. Further, restructured accounts classified as non-performing advances, when upgraded to the standard category will attract a higher provision (as prescribed from time to time) in the first year from the date of upgradation. The general provision required on restructured standard accounts will be increased to 4.3% as of March 31, 2015 and to 5.0% as of March 31, 2016. General provisions on standard restructured accounts after June 1, 2013 were increased to 5.0%. The guidelines also prescribe measures with respect to the terms of restructuring that may be approved for borrowers.

In addition to the provisions in accordance with existing provisioning norms, banks are also required to make provisions for diminutions in value of restructured assets. The total provisions required against an account (normal provisions plus provisions in lieu of diminution in the fair value of the advance) are capped at 100.0% of the outstanding debt amount.

The combination of changes in regulations regarding restructured loans, provisioning, and substantial increases in the level of restructured assets and the failure of these structured loans to perform as expected, could adversely affect our business, results of operations and financial condition.

Our loan portfolio contains significant advances to the Micro Small and Medium Enterprises ("MSME") sectors.

We are exposed to the MSME market in India. As of September 30, 2014, the Bank's MSME loans represented 17.7% of our total loans outstanding. Our ability to receive repayment and interest upon these loans is dependent upon various factors, including the health of the overall economy, the ability of our borrowers to repay their loan, the results of operations of such borrowers and their business. These and other factors could lead to an increase in impairment losses and adversely affect our business and results of operations.

The adoption of the advanced Basel II framework and the Basel III capital regulation framework in India may have an adverse effect on our results of operations.

We are subject to regulations relating to capital adequacy of banks, which determines the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio, or capital-to-risk weighted assets ratio ("**CRAR**").

The Basel III Regulations require, among other things, higher levels of tier I capital and common equity, capital conservation buffers, maintenance of a minimum prescribed leverage ratio on a quarterly basis, higher deductions from common equity and tier I capital for investments in subsidiaries, changes in the structure of non-equity instruments eligible for inclusion in tier I capital and loss absorbency features for non-equity tier I and tier II capital. The Basel III Regulations also set out elements of regulatory capital and the scope of the capital adequacy framework, including disclosure requirements for components of capital and risk coverage. On or before March 31, 2019, banks are required to maintain a common equity tier I ratio adequacy ratio of 5.5%, minimum tier I capital of 7.0%, minimum total capital of 9.0% and a capital conservation buffer of 2.5%. However, the implementation of the capital conservation buffer will be from March 31, 2016.

If the Basel Committee on Banking Supervision releases additional or more stringent guidelines on capital adequacy norms, which are given the effect of law in India in the future, we may be forced to raise or maintain additional capital in a manner that could adversely affect our business, financial condition and results of operations. In addition, these changes may result in the incurrence of substantial compliance and monitoring costs and there can be no assurance that any breach of applicable laws and regulations will not adversely affect our business and results of our operations.

As per statutory requirements, we have a large portfolio of government securities and our business is particularly vulnerable to volatility in interest rates caused by deregulation of the financial sector in India.

As a result of certain reserve requirements of the RBI, to safeguard against liquidity risks, we are more structurally exposed to interest rate risk than banks in many other countries. Under the regulations of the RBI, our liabilities are subject to the statutory liquidity ratio ("**SLR**") requirement that requires a minimum specified percentage, currently 21.5%, of our net demand and time liabilities to be invested in approved securities. The SLR requirement is subject to changes by the RBI in order to manage money supply by absorbing excess liquidity or by infusing liquidity. To maintain the mandatory SLR, we have an investment portfolio primarily comprising fixed income GOI securities that could be adversely affected by a rise in interest rates, especially if the rise were sudden or sharp.

Our investments in government securities are held for maintaining the mandatory SLR. Investment holdings are classified as "held to maturity" ("**HTM**"), "available for sale" ("**AFS**") and "held for trading" ("**HFT**") investments, in accordance with the relevant regulations. As of September 30, 2014, of the Bank's total domestic investment portfolio, 85.5% is in government securities, out of which

78.5% is in the HTM portfolio and is thus not marked to market and not susceptible to volatility in interest rates. Of the Bank's total investment portfolio, only 29.8% is in our trading book under AFS and HFT categories, and such securities are affected by volatility in interest rates. Various risk limits have been specified in the market risk management policy for controlling and managing market risk in this portfolio. In the event of increasing interest rates, we would face a choice of either liquidating our investments in our trading book and realising a loss or holding our securities and recording them as an accounting loss upon marking to market the value of the securities. The outcome of either option could adversely affect our results of operations.

The Indian banking industry is very competitive and our success will depend on our ability to compete effectively.

We face intense competition from Indian and foreign commercial banks in all our products and services. Some Indian public and private sector banks have recently experienced higher growth, achieved better profitability and increased their market shares, relative to us. Further liberalisation of the Indian financial sector could lead to a greater presence and new entries of Indian and foreign banks, as well as banks promoted by private sector companies, including industrial houses and non-banking financial institutions that meet the RBI's eligibility criteria, that offer a wider range of products and services, which could adversely affect our competitive environment. In addition, since we raise funds from market sources and individual depositors, we face increasing competition for mobilising such funds.

In November 2013, the RBI released a framework on the presence of foreign banks in India. Pursuant to the framework, foreign banks may operate in India by setting up wholly owned subsidiaries. Such subsidiaries are allowed to raise rupee resources through issuing non-equity capital instruments and they are permitted to open branches in tier 1 and tier 6 centres, except for a few security sensitive locations, without having the need to obtain prior permission from the RBI, subject to certain reporting requirements. The guidelines may result in increased competition from foreign banks.

The RBI has also issued guidelines on the entry of new private sector banks in the banking industry, covering, among others, eligibility criteria, structure, capital requirements, shareholding structure and corporate governance practices; under which the deadline for applications was July 1, 2013. The RBI has thus far granted its 'in-principle' approval to two applicants for setting up new banks under these guidelines. Consequently, a greater presence of existing competitors or new entrants of banks offering a wider range of products and services could increase competition. In addition, the moderation of growth in the Indian banking sector is leading to greater competition for business opportunities. The GOI is also actively encouraging banks and other financial institutions to significantly increase their lending to the agriculture sector, which will make this segment more competitive.

Due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services at reasonable returns and this may adversely affect our business.

Our funding is primarily short-term and if depositors do not roll over deposited funds upon maturity our business could be adversely affected.

Most of our incremental funding requirements are met through short-term funding sources, primarily in the form of retail deposits, as well as deposits from corporate customers and inter-bank deposits. We also obtain funding from capital reserves and borrowings. Our customer deposits generally have a maturity of less than two years. However, large portions of our assets have medium or long-term maturities, thus creating the potential for funding mismatches.

If a significant portion of our depositors do not roll over deposited funds upon maturity or do so for a shorter maturity than that of our assets, our structural liquidity position could be adversely affected. Our ability to raise fresh deposits and grow our deposit base depends in part on our ability to expand our network of branches, which requires the approval of the RBI. There can be no assurance that we will be able to obtain the RBI's authorisations to meet our requirements for branch expansion to achieve the desired growth in our deposit base and business.

High volumes of deposit withdrawals or failure of a substantial number of our depositors to roll over deposited funds upon maturity or to replace deposited funds with fresh deposits as well as our inability to grow our deposit base, could have an adverse effect on our liquidity position and our business.

The value of our collateral may decrease or we may experience delays in enforcing collateral when borrowers default on their obligations, which may result in failure to recover the expected value of collateral security exposing us to potential loss.

Substantial portions of our loans to corporate customers are secured by real assets, including property, plant and equipment. Our loans to corporate customers also include working capital credit facilities that are typically secured by a first lien on inventory, receivables and other current assets. In some cases, we may have taken further security of a first or second lien on fixed assets or a pledge of financial assets such as marketable securities. A substantial portion of our loans to retail customers is also secured by the assets financed, which are predominantly property and vehicles. Changes in economic conditions and asset prices may cause the value of our collateral to decline. We may not be able to realise the full value of our collateral as a result of, among other factors:

- delays in bankruptcy and foreclosure proceedings;
- defects or deficiencies in the perfection of collateral (including the inability to obtain approvals that may be required from third parties);
- fraud by borrowers;
- depreciation in value of the collateral, illiquid market for disposal of and volatility in the market prices for the collateral; and
- current legislative provisions or changes thereto and past or future judicial pronouncements.

In India, a foreclosure on collateral generally requires a written petition to an Indian court or tribunal. An application, when made, may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the collateral. In the event a corporate borrower makes a reference to a specialised quasi-judicial authority called the Board for Industrial and Financial Reconstruction ("**BIFR**"), any foreclosure or enforcement of collateral will be temporarily halted. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "**SARFAESI Act**"), the Debt Recovery Tribunal Act, 1993 and the RBI's corporate debt restructuring mechanism has strengthened the ability of lenders to resolve NPAs by granting greater rights as to enforcement of security and recovery of dues from corporate borrowers. While we believe that the SARFAESI Act has contributed to our enforcement efforts, there can be no assurance that the legislation will continue to have a favourable impact on our efforts to resolve NPAs. A failure to recover the expected value of collateral security could expose us to a potential loss. Any unexpected losses could adversely affect our business, results of operations and financial condition.

We and our customers are exposed to fluctuations in foreign exchange rates.

As a financial intermediary, we are exposed to exchange rate risk. We undertake various foreign exchange transactions to hedge our customers' business and for proprietary trading, which exposes us to various kinds of risks, including credit risk, market risk and exchange rate risk.

We have adopted a market risk management policy and forex dealing and trading operations policy to mitigate risks arising out of customer transactions and proprietary trading through various risk limits such as counterparty bank exposure limits, country wise exposure limits, customer limits, overnight limits, intraday limits, stop loss limits, aggregate gap limits and value-at-risk limits.

Some of our borrowers also enter into derivative contracts to manage their foreign exchange risk exposures. Some of our customers have incurred mark-to-market or crystallised losses on their foreign exchange contracts. The failure of our borrowers to manage their exposures to foreign exchange, derivative risk, adverse movements and volatility in foreign exchange rates may adversely affect our borrowers, the quality of our exposure to our borrowers and our business volumes and profitability. Defaults by our customers on their derivative contracts and their subsequent classification as NPAs may have an adverse impact on our profitability and business.

Certain penalties have been imposed on the Bank by regulatory authorities in the past.

Certain penalties have been imposed by the regulatory authorities, such as the RBI, on us in the past, these include:

- On July 12, 2013, the RBI has imposed a penalty of Rs. 3 Crores on the Bank for non-compliance with the RBI's master circular dated July 2, 2012 pursuant to section 47A(1)(c) read with section 46(4)(i) of the Banking Regulation Act and sub- section (3) of Section 11 of FEMA, in connection with, among others, non-compliance with KYC requirements, record keeping, risk profiling of customers and sale of products.

- On July 25, 2014, the RBI imposed a penalty of Rs. 10 lakhs on the Bank for non-compliance with the RBI guidelines on lending under consortium or multiple banking arrangements and guidelines on the end use of funds monitoring, including violations in relation to: (a) not exchanging information with other banks under multiple banking arrangements and (b) not obtaining regular certifications from company secretaries and chartered accountants in compliance with various statutory provisions.

- Pursuant to an order dated March 8, 2000, SEBI prohibited the Thousand Lights branch of the Bank in Chennai from offering escrow services for a period of three months from March 20, 2000 for accepting applications after the closing date in a public issue. Pursuant to another order dated March 8, 2000, SEBI prohibited the Bhadra branch of the Bank in Ahmedabad, from offering escrow services for a period of three months from March 20, 2000, for releasing the issue proceeds in a public issue prior to obtaining listing permission from the Ahmedabad Stock Exchange.

- Pursuant to an order dated March 30, 2001, the Securities Appellate Tribunal upheld a SEBI order dated November 10, 2000, imposing a penalty of Rs. 0.30 million on Canbank Investment Management Services Limited (subsequently renamed as Canara Robeco Asset Management Company Limited) for failing to make certain material disclosures in the abridged offer document cum application form issued in relation to the conversion of "Canpep 93" from a close ended tax saving scheme to an open ended tax saving scheme**.**

Such and additional penalties imposed in the future could adversely affect our business, reputation and financial condition.

Banking is a heavily regulated industry and material changes in the regulations which govern us could cause our business to suffer.

Banks in India are subject to detailed supervision and regulation by the RBI. In addition, banks are subject generally to changes in Indian law, as well as to changes in regulation and government policies and accounting principles. The laws and regulations governing the banking sector may change in the future to be in line with Basel III Regulations or independently of any guidance and any such changes may have an adverse effect on the products or services we offer, the value of our assets or of the collateral available for our loans or our business in general.

The Banking Regulation Act and the Banking Companies Act, impose a number of restrictions, which affect our operating flexibility and investors' rights, including:

- We cannot pay any dividend on equity shares until all our capitalised expenses (including preliminary expenses, organisation expenses, share-selling commission, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off. Payment of dividend is further governed by the RBI guidelines, which imposes certain additional requirements

- The forms of business that we may engage in are specified and regulated by the Banking Regulation Act. We cannot directly or indirectly deal in the buying, selling or bartering of goods by ourselves or for others, except in connection with the realisation of security given to or held by us. We also cannot engage in any trading, buying, selling or bartering of goods for others other than in connection with bills of exchange received for collection or negotiation, or in connection with the administration of estates as executor, trustee or otherwise, or in connection with any business specified under Section 6(1)(o) of the Banking Regulation Act. We may only undertake business activities permitted by the Banking Regulation Act (to the extent applicable to the Bank) or specifically permitted by the RBI, which may restrict our ability to pursue profitable business opportunities as they arise.

- We are required to create a reserve fund and transfer at least 20.0% of our profit each year to the reserve fund before paying any dividends. Further, payment of dividends is subject to the prior approval of the RBI, unless we comply with the requirements of the minimum capital adequacy ratio of 9.0% for the preceding two completed years and the accounting year for which we propose to declare the dividend, and have a net NPA ratio of less than 7.0%.

- We are subject to restrictions in the incorporation of subsidiaries, which may prevent us from exploiting emerging business opportunities in areas other than banking. We may not open new places of business and transfer our existing places of business, which may hamper our operational flexibility.

- We must obtain a certificate from the RBI in writing that the creation of a floating charge on our assets is not detrimental to the interest of our depositors.

- Other than the GOI, no shareholder may exercise voting rights in respect of any shares held by it in excess of 10.0% of the total voting rights of all our shareholders.

- The composition of our Board of Directors is regulated by law and shall include directors appointed by the GOI. Shareholders other than the GOI may appoint one to three directors, depending on their shareholding.

- We are not subject to laws relating to the winding up of companies and the Bank cannot be placed in liquidation except by order of the GOI.

We also require certain statutory and regulatory permits and approvals to operate our business, including registrations under the relevant shops and establishments acts. We cannot assure you that we have obtained the necessary licenses under the relevant state legislations, including governing the registration of shops and establishments for our branches particularly where specific exemptions have not been provided for scheduled commercial banks. Failure by us to renew, maintain or obtain the required permits or approvals, may result in the interruption of our operations or delay or prevent our expansion plans and may have a material and adverse effect on our business, financial condition and results of operations.

In addition, we provide micro finance to self-help groups in India. A number of states in India have enacted laws to regulate money lending to self-help groups. We cannot assure you that we will not be required to register under these laws. In the event that the state governments require us to comply with the provisions of their respective state money lending laws or impose any penalty on us, our Directors or officers, our business, results of operations and financial condition may be adversely affected.

We are subject to various operational and other risks associated with the financial industry, which if materialised, may have an adverse effect on our business.

The proper functioning of our financial control, risk management, accounting or other data collection and processing systems, together with the communication networks connecting our various branches and offices is critical to our operations and ability to compete effectively. We are exposed to many types of operational risk, including:

- fraud or other misconduct by employees or outsiders;

- unauthorised transactions by employees or third parties (including violation of regulations for the prevention of corrupt practices, and other regulations governing our business activities);

- misreporting or non-reporting with respect to statutory, legal or regulatory reporting and disclosure obligations;

- shortfalls or failures in our systems and controls; and

- operational errors, including clerical or record keeping errors, or errors resulting from faulty computer or telecommunications systems.

Although we maintain a system of controls designed to keep operational risk at appropriate levels, we cannot assure you that we will not suffer losses from operational risks in the future that may be material in amount and adversely affect our reputation by the occurrence of any such events involving our employees, customers or third parties. In addition, we may also be exposed to other types of risk during our operations and from entering into transactions, including but not limited to credit risk, counterparty risk, market risk, liquidity risk and operational risk.

Our failure to manage growth effectively may adversely affect our business.

In the past, we have witnessed rapid growth. As of March 31, 2012, the number of our branches was at 3,600 branches, our retail relationships (our deposit-making customers) were at Rs. 42,000,000 and our total assets were at Rs. 3,790.83 billion. As of September 30, 2014, the number of the Bank's branches was at 5,514 branches, the Bank's retail relationships (our deposit-making customers) were at Rs. 60.20 million and the Bank's total assets were at Rs. 5,286.88 billion. Such growth puts pressure on our ability to effectively manage and control historical and newly emerging risks. Our ability to sustain growth depends primarily upon our ability to manage key issues such as selecting and retaining skilled manpower, maintaining an effective technology platform that can be continually upgraded, developing a knowledge base to face emerging challenges, and ensuring a high standard of customer service. We cannot assure you that we will be able to maintain our historic growth rates or manage our growth effectively.

We may seek growth opportunities through acquisitions or be required to undertake mergers by the RBI, which exposes us to integration and other acquisition risks.

We may seek growth opportunities through acquisitions or be required to undertake mergers as mandated by the RBI. In the past, the RBI has ordered mergers of weak banks with other banks primarily in the interest of depositors of the weak banks. Any future acquisition or merger, such as the proposed asset acquisition of Amanath Co-operative Bank by the Bank, is subject to risks and uncertainties, some of which are beyond our control, including:

- difficulties in operating the integrated information technology system, electronic banking system, risk management and other systems;
- challenges in harmonising the two or more corporate cultures;
- difficulties in maintaining asset quality;
- difficulties in leveraging synergies and rationalising operations;
- difficulties in retaining and attracting customers and new talent;
- difficulties in developing new skills required for new businesses and markets;
- diversion of management's attention required to integrate the two businesses following the acquisition or merger, one or more of which could have an adverse effect on our business; and
- potential legal proceedings against such acquisitions or mergers.

System failures could adversely impact our business.

Given the significance of retail products and services and transaction banking services in our business, the importance of systems technology to our business has increased significantly. Our principal delivery channels include ATMs, internet banking, mobile banking and call centres. Any failure in our systems, particularly for retail products and services and transaction banking, could harm our reputation and significantly affect our operations and the quality of our customer service, which could result in business and financial losses and adversely affect the price of the Bonds.

Moreover, management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. Although we have established these policies and procedures, they may not be fully effective.

We are subject to certain contractual restrictions and increased regulatory control on account of our Subsidiaries.

We have entered into shareholder agreements with third parties in relation to a number of our Subsidiaries, which contain certain restrictions. For instance, there are restrictions on our ability to transfer our shareholding to third parties and on our ability to carry on certain activities similar to the business carried on by our Subsidiaries. These restrictive covenants may limit our ability and our Subsidiaries' ability to take certain material decisions in relation to their respective businesses.

Further, these joint ventures involve special risks where our joint venture partners may have economic or business interests or goals inconsistent with or different from those of ours. Also, our joint venture partners may take actions that are contrary to our instructions or requests, or in direct opposition of our or our other Subsidiaries' policies or obligations. Disputes arising between our joint venture partners and us may result in significant losses to us. There can be no assurance that our interests and business philosophy will be consistent with those of the joint venture partners or that they will be willing to fulfill their obligations under the agreement, either of which could have an adverse effect on our business, results of operations and prospects.

Further, due to the nature of our Subsidiaries' business we may be subject to increased regulatory control. For instance, we may require prior approval of the relevant regulatory authorities, including the IRDA and the RBI for transferring our shareholding in some of our Subsidiaries to a third party. Additionally, in terms of the regulations notified by the IRDA, the shareholding of a related foreign entity in the Bank may be taken into account, on a proportionate basis, in computing the total foreign equity participation in Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited, which may affect our ability to raise capital in the future.

Our employees are unionized and any union action may adversely affect our operations and business.

Approximately 94.5% of our employees belong to trade unions as of September 30, 2014. While we believe we have strong working relationships with the unions to which our employees belong, there can be no assurance that we will be able to maintain such relationships in the future. In the past, we have experienced work stoppages and strikes initiated by various trade unions of public sector banks across the country and certain regions. If these trade unions were to call for a work stoppage or other similar action, we may be forced to suspend all or part of our operations until disputes are resolved. If any work stoppage were to occur, our operations would be disrupted and our business would be adversely affected.

Materialization of our contingent liabilities could affect our results of operations and financial condition.

As of September 30, 2014, the Bank had contingent liabilities of Rs. 2,710.64 billion on account of claims against us that are not acknowledged as debt, liabilities on account of outstanding forward exchange contracts, guarantees, acceptances, endorsements and other obligations, interest rate swaps and others. If our contingent liabilities crystallise, it may have an adverse effect on our results of operations and financial condition.

As the GOI controls a majority of our issued share capital, our strategy and operations may be affected by the GOI's public policy decisions.

Through its direct and indirect holdings, the GOI controls a majority of our issued share capital. As of September 30, 2014 the GOI directly held 69.0% of our issued share capital. In addition, under Section 3(2E) of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, no shareholder other than the GOI may exercise voting rights in respect of any equity shares held by such shareholder in excess of 10.0% of the total voting rights of our shareholders. Although historically we have enjoyed a certain degree of autonomy from the GOI in the management of our affairs and strategic direction, as our controlling shareholder, the GOI is able to exercise effective control over us. Further, the Chairman and Managing Director and the Executive Directors are appointed by the GOI. The remaining Directors are non-executive Directors that represent the GOI, the RBI, shareholders and the workmen and non-workmen staff of the Bank. Although our management runs the day-to-day operations, the GOI may determine material policies as a majority and controlling shareholder that may not be in the best interest of our other shareholders. The GOI may do so without the consent or approval of our other shareholders, except for those matters requiring a special resolution.

We are mandated under the Banking Companies Act to, among other things; serve the needs of development of the Indian economy in conformity with national policies and objectives. From time to time, we may be required to take actions in furtherance of public policy considerations and the GOI's broader objectives for the banking industry, which are not necessarily in our best commercial interests. We cannot assure you that the GOI's future policy decisions will not have an adverse effect on our results of operations and financial condition.

The position of the Chairman on our Board is currently vacant.

Our former CMD, Mr. R. K. Dubey retired from the Board with effect from September 30, 2014 upon attaining the age of superannuation. Our CMD has been historically appointed by the GOI in accordance with the provisions of the Banking Companies Act. On October 27, 2014, the Ministry of Finance, GOI stated that the GOI constituted a committee consisting of the Secretary (Expenditure), Secretary (School Education) and the Governor of the RBI to examine the selection process of the chairman and managing directors of public sector banks. The GOI decided that a fresh process for selection would have to be implemented for filling up the existing vacancies wherein the Governor of the RBI or his nominee should be part of the selection process. The GOI has also decided to finalize a new process for selection of the chairman and managing directors of public sector banks for all future vacancies. Accordingly, we cannot assure you when our CMD will be appointed.

Our shareholders may not have certain rights which are available to the shareholders of a company registered under the Companies Act, and may not be able to avail certain recourses available under the Companies Act.

The Bank is a corresponding new bank constituted under and regulated in terms of the provision of Banking Companies Act and the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970. Further, in pursuance of Section 19 of the Banking Companies Act, the GOI has formulated the Canara Bank (Share and Meetings) Regulations, 2000, which provides certain rights to our shareholders, and we are also bound by the Listing Agreements entered into with the Stock Exchanges. However, certain rights and recourses available to the shareholders of a company registered under the Companies Act may not be available to our shareholders. For instance, under Section 47(b) of the Companies Act, voting rights of a shareholder on a poll is to be in proportion to the share of the paid up equity capital of the company. However, in terms of Section 3(2E) of the Banking Companies Act, no shareholder of the Bank, other than the GOI, shall be entitled to exercise voting rights in respect of any shares held by him, in excess of 10.0% of the total voting rights of all the shareholders of the Bank.

We are required to maintain cash reserve ratio and SLR and any increase in these requirements could materially and adversely affect our business, financial condition and results of operations.

As a result of the statutory reserve requirements stipulated by the RBI, we may be more exposed structurally to interest rate risk than banks in other countries. Under the RBI regulations, we are required to maintain a Cash Reserve Ratio ("**CRR**") of 4.0% of our demand and time liabilities in the form of balances with the RBI in accordance with Section 42 of the RBI Act, 1934. We do not earn any interest on balances held with the RBI. As of September 30, 2014, we had Rs. 185.77 billion in cash and bank balances with the RBI. The RBI may further increase the CRR requirement as a monetary policy measure and has done so on numerous occasions. Increases in the CRR requirement could adversely affect our business, results of operations and financial condition.

In addition, under the RBI regulations, our liabilities are subject to a SLR requirement, according to which 22.0% of our demand and time liabilities need to be invested in government securities, state government securities and other securities approved by RBI from time to time. In our experience, these securities generally carry fixed coupons. When the interest rate rises, the value of these fixed coupon securities depreciates. We cannot assure you that investment in such securities will provide returns better than other market instruments. Further, any increase in the CRR and the SLR requirements, would reduce the amount of cash available for lending, which may adversely affect our business, results of operations and financial condition.

We are involved in several litigations. Any final judgment awarding material damages against us could have an adverse effect on our results of operations and financial condition.

The Bank, our Subsidiaries and Associates, and our directors and officers, are involved in litigation for a variety of reasons, which generally arise because we seek to recover our dues from borrowers or because customers seek claims against us. The Bank, our Subsidiaries and Associates, and our directors and officers, may also be involved in taxation related proceedings initiated by the taxation authorities. The majority of these cases arise in the normal course of business and we believe, based on the facts of the cases and consultation with counsel, that these cases generally do not involve the risk of a material adverse impact on our financial performance or our shareholders' fund. Where we assess that there is a probable risk of loss, it is our policy to make provisions for the loss. However, we do not make provisions or disclosures in our financial statements where our assessment concludes that the risk is insignificant. We cannot guarantee that the judgments in any of the litigations in which we are involved in would be favourable to us.

Our insurance business may not be successful.

While we intend to increase our bancassurance business channel (marketing of life, non-life and health insurance products) business, we cannot assure you that these businesses will be able to achieve growth. The reduction in capital market valuations and volatility in capital markets have had an adverse effect on the demand for unit-linked products. The IRDA also implemented unit-linked product regulations in September 2010, which included caps on charges including surrender charges, an increase in minimum premium paying term and the introduction of minimum guaranteed returns on pension products. In March 2013, the IRDA issued further guidelines on non-linked and linked life insurance products which include limits on the commission rates payable by insurance companies, the introduction of a minimum guaranteed surrender value and minimum death benefits for non-linked products. Any changes in regulatory guidelines and adverse market conditions could impact income from our bancassurance business. The new guidelines require life insurance companies to modify existing products to comply with the revised guidelines. These revisions could impact our life insurance products and business.

If we do not effectively manage our foreign operations or our international expansion, these operations may incur losses or otherwise adversely affect the Bank's business and results of operations.

As of September 30, 2014, the Bank had a network of nine international branches (including branches run by our joint venture and representative office) and offices in eight countries, which constitutes 8.4% of our assets, and we intend to continue expanding our international operations. As we have a number of foreign branches, representative office and joint ventures in foreign centers, we may be subject to additional risks relating to compliance with a wide variety of national and local laws, restrictions on the import and export of certain intermediates, banking regulations, technologies and multiple, and possibly overlapping, tax structures.

Moreover, the loan portfolio of our international branches and subsidiaries includes foreign currency loans to Indian companies for their Indian operations (as permitted by regulations) as well as for their overseas ventures, including cross-border acquisitions. This exposes us to specific additional risks, including the failure of the acquired entities to perform as expected and our inexperience in various aspects of the economic and legal framework of overseas markets.

In addition, we face competition from banks in other countries that may have more experience and resources in those countries or in international operations generally. We may also face difficulties integrating new facilities in different countries into our existing operations, as well as integrating employees that we hire in different countries into our existing corporate culture or complying with unfamiliar laws and regulations. If we do not effectively manage our foreign operations and expansion, we may lose money in these countries, which could adversely affect our business and results of operations.

Our business is particularly vulnerable to interest rate risk, and volatility in interest rates could adversely affect our net interest margin, the value of our fixed income portfolio, income from our treasury operations and our financial performance.

Interest rate risk depends upon the nature of gaps in risk sensitive assets and rate sensitive liabilities. In case of volatility in interest rates our net interest income could be adversely affected by a rise or fall in interest rates on assets and liabilities, especially if the changes were sudden or sharp. If such a rise in interest rates were to occur, our net interest margin could be adversely affected because the interest paid by us on deposits could increase at a higher rate than the interest received by us on advances and other investments. The requirement that we maintain a portion of our assets in fixed income government securities could also have a negative impact on our net interest income and net interest margin because we typically earn interest on this portion of our assets at rates that are generally less favorable than those typically received on our other interest-earning assets.

In the past, the Indian financial markets had been negatively affected by the volatile global financial market on account of certain European nations' debt troubles and doubts on the fiscal sustainability of the U.S. As a result, the Indian financial markets witnessed regular policy rate hikes from the RBI to control inflation.

In the future, if the yield on our interest-earning assets does not increase at the same time or to the same extent as our cost of funds, or if our cost of funds does not decline at the same time or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely affected.

We are also exposed to interest rate risk through our treasury operations. A rise in interest rates or greater interest rate volatility could adversely affect our income from treasury operations or the value of our fixed income securities trading portfolio. Sharp and sustained increases in the rates of interest charged on floating rate home loans, which constitute a material proportion of our loan portfolio, would result in an extension of loan maturities and higher monthly installments due from our borrowers, which in turn could result in higher rates of default in this portfolio and adversely affect our business, results of operations and financial condition.

Our insurance coverage could prove inadequate to satisfy potential claims. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our business, results of operations and financial condition.

We have taken out insurance within coverage consistent with industry practice in India to cover certain risks associated with our business, including money and securities in safe or transit, goods held in trust, commission, currency and buildings. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. In addition, even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such loss or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms, if at all. If we were to incur a serious uninsured loss or a loss that significantly exceeded the limits of our insurance policies, it could have a material adverse effect on our business and financial condition.

2. Risks Relating to India and Other Economic and Market Risks

A slowdown in economic growth in India could cause our business to suffer.

A slowdown in the Indian economy could adversely affect our business, our borrowers and contractual counterparties, especially if such a slowdown were prolonged.

Further, in light of the increasing linkage of the Indian economy to other economies, the Indian economy will be increasingly influenced by economic and market conditions in other countries. As a result, a recession in the United States and other countries in the developed world and a slowdown in economic growth in major emerging markets such as China could have an adverse impact on economic growth in India. A slowdown in the pace of growth in the Indian economy could result in lower demand for credit and other financial products and services, and higher defaults among corporate, retail and rural borrowers, which could adversely impact our business, financial performance, shareholders' fund, and the ability to implement our strategy.

A significant change in the government's economic liberalisation and deregulation policies could disrupt our business.

We are incorporated in India, derive our revenues in India and have substantially all of our assets in India. Most of our customers are also located in India. The GOI has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on public sector entities, including us. Our business and the market price may be affected by interest rates, changes in GOI policy, taxation, social and civil unrest and political, economic or other developments in or affecting India. Since 1991, successive governments have pursued policies of economic and financial sector liberalisation and deregulation. The current GOI, which came to power in May 2014, has announced policies and taken initiatives that support the economic liberalisation program pursued by previous governments. The policies of the new GOI may change the rate of economic liberalisation, specific laws and policies affecting banks and financial institutions. While the new GOI is expected to continue the liberalisation of India's economic and financial sectors and deregulation policies, we cannot assure you that such policies will continue. A significant change in the GOI's policies in the future, in particular, those relating to the financial services industry in India, could affect business and economic conditions in India, and could also adversely affect our financial condition and results of operations.

Trade deficits could have a negative effect on our business.

India's trade relationships with other countries and its trade deficit may adversely affect Indian economic conditions. In the financial years 2011, 2012 and 2013, India experienced a trade deficit of Rs. 5,405.50 billion, Rs. 10,378.50 billion and Rs. 8,795.00 billion, respectively. If trade deficits increase, or are no longer manageable, the Indian economy, and therefore our business would be adversely affected.

Significant differences exist between GAAP as applied in India and other accounting principles with which investors may be more familiar.

Our financial statements are prepared in conformity with Indian GAAP. GAAP as applied in India differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and accounting standards with which prospective investors may be more familiar with in other countries. We do not provide a reconciliation of our financial statements to IFRS or U.S. GAAP or a summary of principal differences between Indian GAAP, IFRS and U.S. GAAP relevant to our business. Furthermore, we have not quantified or identified the impact of the differences between Indian GAAP and IFRS or between Indian GAAP and U.S. GAAP as applied to our financial statements. As there are significant differences between GAAP as applied in India and IFRS and between GAAP as applied in India and U.S. GAAP, there may be substantial differences in our results of operations, cash flows and financial position if we were to prepare our financial statements in accordance with IFRS or U.S. GAAP instead of Indian GAAP.

Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisors for an understanding of the differences between Indian GAAP and IFRS and between Indian GAAP and U.S. GAAP and how they might affect the financial information contained in this Disclosure Document.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy which could adversely impact us.

As of September 30, 2014, India's foreign exchange reserves were U.S.$ 304.22 billion. A decline in India's foreign exchange reserves would have an impact on the exchange rate of the Rupee and could result in reduced liquidity and higher interest rates, which could adversely affect our business.

Any downgrading of India's debt rating by an international rating agency could adversely affect our business.

In April and June 2012, Standard & Poor and Fitch, respectively, revised the outlook on the long-term ratings on India from "stable" to "negative", citing factors such as the slowdown in India's investment and economic growth and the widened current account deficit, resulting in weaker medium term credit, as well as structural challenges such as corruption, inadequate economic reforms and elevated inflation.

At the same time, Standard & Poor lowered the credit rating outlook of India's top ten banks and warned that it could downgrade these banks' credit rating depending on their asset quality and India's sovereign credit rating. Meanwhile, Fitch downgraded the credit rating outlook of 11 Indian financial institutions to "negative" based on their close links to the GOI. Moody's had earlier, in November 2011, changed the outlook of the Indian banking system from "stable" to "negative" citing concerns of an increasingly challenging operating environment which could adversely affect asset quality, capitalization and profitability. On June 15, 2013, Fitch upgraded the outlook of ten financial institutions from "negative" to "stable" following its revision of the outlook on India's long-term foreign- and local-currency issuer default ratings from "negative" to "stable". Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our business and limit our access to capital markets and adversely impact our liquidity position.

Financial difficulty and other problems in certain long-term lending institutions and investment institutions in India could have a negative impact on our business.

As an Indian bank, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is referred to as "systemic risk," may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact with on a daily basis. Our transactions with these financial institutions expose us to credit risk in the event of default by the counterparty, which can be exacerbated during periods of market illiquidity. As the Indian financial system operates within an emerging market, we face risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions and banks. This in turn could adversely affect our business and future financial performance.

3. Risks Relating to the Bonds

The Bonds are not guaranteed by the Republic of India.

The Bonds are not the obligations of, or guaranteed by, the GOI. Although the GOI owned 69.00% of the Bank's issued and paid up share capital as of December 31, 2014, the GOI is not providing a guarantee in respect of the Bonds. In addition, the GOI is under no obligation to maintain the solvency of the Bank. Therefore, investors should not rely on the GOI ensuring that the Bank fulfils its obligations under the Bonds.

Payments under the Bonds may, and in some cases must, be cancelled.

The Bank may elect not to pay and, in the circumstances outlined below, must not pay, all or some of the coupon falling due on the Bonds on any coupon payment date. Any coupon not so paid on any such coupon payment date shall be cancelled and shall no longer be due and payable by the Bank. A cancellation of interest pursuant to condition 27 of the summary term sheet of the Bonds does not constitute a default under the Bonds for any purpose. Pursuant to condition 27 of the summary term sheet of the Bonds, the Bank may only pay coupon out of distributable items. In this context, coupon may be paid out of current year profits. However, if current year profits are not sufficient i.e. payment of coupon is likely to result in losses during the current year, the balance amount of coupon may be paid out of revenue reserves (i.e. revenue reserves which are not created for specific purposes by a bank) and / or credit balance in profit and loss account, if any. Investors should be aware that any change to the Basel III Regulations requiring the Bank to cancel coupon payments in other or additional circumstances could be complied with by the Bank through its general discretion to cancel coupon payments under condition 27 of the summary term sheet of the Bonds. Any actual or anticipated cancellation of coupon on the Bonds may have an adverse effect on the market price of Bonds. In addition, as a result of the coupon cancellation provisions of the Bonds, the market price of the Bonds may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Bank's financial condition.

The terms and conditions of the Bonds do not contain any restriction on the Bank's ability to declare and pay dividends, distributions or other payments on its ordinary shares or perpetual non-cumulative preference shares when coupon on the Bonds otherwise scheduled to be paid on a

Coupon Payment Date is cancelled.

The Bank may elect not to pay and, in the circumstances described above, must not pay, all or some of the coupon falling due on the Bonds on any Coupon Payment Date. If coupon on the Bonds is cancelled, the terms and conditions of the Bonds do not contain any restriction on the Bank's ability to declare and pay dividends, distributions or other payments on its ordinary shares or perpetual non-cumulative preference shares. Accordingly, it would be possible (subject to applicable law) for the holders of the Bank's ordinary shares or perpetual non-cumulative preference shares, which rank junior to the Bonds, to receive dividends, distributions or other payments when coupon on the Bonds has been cancelled.

The Bonds have no fixed maturity date and investors have no right to call for redemption of the Bonds.

The Bonds are perpetual unless the Bank elects to exercise a call option on the Bonds to the extent allowed by the terms and conditions of the Bonds. Accordingly, the Bonds have no fixed final redemption date. In addition, holders of the Bonds have no right to call for the redemption of the Bonds. Although the Bank may redeem the Bonds at its option, there are limitations on redemption of the Bonds, including obtaining the prior written approval of the RBI and satisfaction of any conditions that the RBI and other relevant Indian authorities may impose at the time of such approval.

The Bonds are subordinated to most of the Bank's liabilities and the terms of the Bonds contain no limitation on issuing debt or senior or pari passu securities.

The Bonds will constitute unsecured and subordinated obligations of the Bank which rank *pari passu* and without preference among themselves. The Bonds are not deposits and are not insured by the Bank or guaranteed or insured by any party related to the Bank and the Issuer is prohibited under the Basel III Guidelines to grant advances against the security of the Bonds. In the event of a winding-up of the Bank's operations, the claims of the holders of the Bonds will be subordinated in right of payment to the prior payment in full of all of the Bank's other liabilities (whether actual or contingent, present or future) including all deposit liabilities and other liabilities of the Bank and all of the Bank's offices and branches. However, the Bonds are superior to the common equity shares and perpetual non-cumulative preference shares (if any) and shall rank *pari passu* amongst each other and with other similar debt instruments qualifying as Additional Tier - 1 Capital in terms of the Basel III Regulations. As a consequence of the subordination provision, in the event of a winding-up of the Bank's operations, the holders of the Bonds may recover less rateably than the holders of deposit liabilities or the holders of the Bank's other liabilities that rank senior to the Bonds. The Bonds also do not limit the amount of liabilities ranking senior to the Bonds which may be hereafter incurred or assumed by the Bank. In accordance with the Basel III Regulations, the Bonds will not contribute to liabilities in any balance sheet test for establishing insolvency under any law or otherwise.

The Bonds are subject to permanent or temporary write-down on the occurrence of certain trigger events.

The Bonds, in compliance with the Basel III Regulations, are required to have principal loss absorption features through (i) temporary write down or (ii) permanent write-down mechanism on pre-specified trigger events at a point of non-viability or if the Common Equity Tier 1 ratio (as described in the Basel III Regulations) falls below a certain level. The write down will:

(i) reduce the claim of the Bonds in liquidation;

(ii) reduce the amount re-paid when a call is exercised; and

(iii) partially or fully reduce coupon payments on the Bonds.

Various criteria for loss absorption through write-down/write-off on breach of pre-specified trigger and at the point of non-viability are elaborated in the term sheet and later part of this document. These Bonds are being issued under various rules, regulations and guidelines issued by the RBI. Bank may be forced to write-down the Bonds or to take such other action in relation to these Bonds as may be required pursuant to the law and regulations then in force and as amended from time to time.

II. ISSUER INFORMATION

A. Name and Address of the Issuer	
Name of the Issuer	Canara Bank
Head Office	No. 112, J. C. Road, Bengaluru – 560 002 Tel No.: 080 2222 1581 Fax No.: 080 2224 8831 Website: www.canarabank.com <u>Treasury & Investments Division</u> Integrated Treasury Wing, Canara Bank Building, 6th Floor, Plot No. C-14, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051. Tel No.: 022 2672 5061 Fax No.: 022 2672 5250 E-mail: tidmum@canarabank.com
Compliance Officer for the Issue	B Nagesh Babu Company Secretary, Secretarial Department, Chairman & Managing Director's Secretariat, Head Office, 112, J.C. Road, Bengaluru - 560 002 Tel. No. : 080 2210 0250 Fax No.: 080 2224 8831 E-Mail: hosecretarial@canarabank.com
Chief Financial Officer of the Issuer	Shri N Selvarajan General Manager & Chief Financial Officer Canara Bank Head Office, 112 J.C. Road Bengaluru – 560 002 Tel. No.: 080 2224 9989 E-Mail: fmwing@canarabank.com
Arrangers to the Issue	a.k. **A.K. Capital Services Limited** 30 & 39, 3rd Floor Free Press House 215, Nariman Point Mumbai – 400 021 Tel. No.: 022 6610 0411 Fax No.: 022 6610 0594 Contact person: Pallavi Ghosh Nag AXIS BANK **Axis Bank Limited**

	Axis House, 8th Floor Bombay Dyeing Mills Compound Worli Mumbai – 400 025 Tel. No.: 022 6604 3594 Fax No.: 022 2425 3800 Contact person: Prateek Goyal **Darashaw & Co. (P) Limited** 1205-06, Regent Chambers 208, Nariman Point Mumbai – 400 021 Tel. No.: 022 6620 6612 Fax No.: 022 4302 2222 Contact person: Dhruv Ambani **ICICI Bank Limited** ICICI Bank Tower Bandra Kurla Complex Bandra (East) Mumbai – 400 051 Tel. No.: 022 2653 6728 Fax No.: 022 2653 1063 Contact person: Snehal Gupte **ICICI Securities Primary Dealership Limited** ICICI Centre 163, Backbay Reclamation H.T. Parekh Marg Churchgate Mumbai – 400 020 Tel. No.: 022 6637 7184 Fax No.: 022 2283 7045 Contact person: Vikram Ramani **Trust Investment Advisors Private Limited** 109/110, 1st Floor, Balrama Bandra Kurla Complex Bandra (East) Mumbai – 400 051 Tel. No.: 022 4224 5120 Fax No.: 022 4084 5066 Contact person: Kamlesh Biyani

Trustees to the Bondholders	**SBICAP Trustee Company Ltd** Corporate Office, Apeejay House, 6th Floor 3 Dinshaw Wachha Road, Churchgate, Mumbai- 400 020 Tel. No.: 022 43025555 Fax No.: 022 22040465 E-mail: helpdesk@sbicaptrustee.com	
Registrar to the Issue	**Canbank Computer Services Limited** R&T Centre, #218, JP Royale, 1st Floor, 2nd Main, Sampige Road, (Near 14th Cross), Malleswaram, Bengaluru – 560 003 Tel. No.: 080 2346 9661 Fax No.: 080 2346 9667 E mail: canbankrta@ccsl.co.in	
Credit Rating Agencies	**ICRA Limited** 1105, Kailash Building 11th Floor 26, Kasturba Gandhi Marg New Delhi 110 001 Tel. No.: 080 4332 6400 Fax No.: 080 4332 6409	**India Ratings and Research Private Limited** Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra East, Mumbai 400 051 Tel No.: 022 4000 1700 Fax No.: 022 4000 1701
Auditors of the Issuer	**Loonker & Co.** Chartered Accountants Firm Registration No: 000172W 8, Dhun Mahal Garden Road, Colaba Mumbai- 400 039 Tel. No.: 022 2282 5580, 2285 6740 Fax No.: 022 2287 3044 Email: scloonker@gmail.com gopikishan.jangid@yahoo.com cajagdish77@gmail.com **P Chopra & Co** Chartered Accountants Firm Registration No: 0004957N 10 Duggal Colony Karnal 132 001, Haryana Tel. No.: 0184 225 3097, 0184 227 3471 Fax No.: 0184 404 0100 Email: chopra.pkca@rediffmail.com chopra.pkca@gmail.com **A R Das & Associates** Chartered Accountants Firm Registration No: 306109E	

	1,2&3 Woodburn Court Woodburn Road Kolkata 700 020 Tel. No.: 033 2281 2976, 033 2290 4375, Fax No.: 033 2281 2976 Email: ardsys2002@rediffmail.com syamal.nayak@gmail.com swarnendu_c@yahoo.co.in **S C Vasudeva & Co.** Chartered Accountants Firm Registration No: 000235N B-41, Panchsheel Enclave New Delhi- 110 017 Tel. No.: 011 2649 9111, 222, 444, 555 Fax No.: 011 4174 9444 Email: sanjay@scvasudeva.com ashish@scvasudeva.com abhinav@scvasudeva.com info@scvasudeva.com **Vinay Kumar & Co.** Chartered Accountants Firm Registration No: 000719C 1st Floor, Chandra Shekhar Azad Mkt. 5, Sardar Patel Marg, Civil Lines Allahabad – 211 001 Uttar Pradesh. Tel. No.: 0532 240 8602 Fax No.: 0532 240 8839 Email: vinaykumarandco@gmail.com agvinay@hotmail.com a_senroy@hotmail.com nikhilko@gmail.com **Ford Rhodes Parks & Co.** Chartered Accountants Firm Registration No: 102860W Sai Commercial Building, 3rd Floor, 312/313, B K S Devshi Marg, Govandi (East) Mumbai – 400 088 Maharashtra. Tel No.: 022 6797 9819/ 20/ 21 Fax No.: 022 6797 9822 Email: frptax@vsnl.com frp_mumbai@hotmail.com
Legal Counsel	**Amarchand & Mangaldas & Suresh A Shroff & Co** 201, Midford House, Midford Garden

	Off M.G. Road Bengaluru – 560 001

B. Brief summary of the business/ activities of the Issuer and its line of business

i. Overview and History

We are one of the leading public sector commercial banks in India, offering banking products and services to corporate, small and medium-sized enterprises, retail and agricultural customers. The Bank was founded in July, 1906 as a private entity and was nationalised in July 1969. According to data published by the Indian Banks' Association, as of March 31, 2014, we were among the top five public sector banks in terms of assets. The Bank is also one of the largest nationalised banks in India in terms of total advances and deposits, which amounted to Rs. 7,720.53 billion and we have over 60.20 million customers, in each case, as of September 30, 2014. As of September 30, 2014, the GOI owned 69.0% of the Bank and, accordingly, exercises control over our management and operations.

We have been conferred with several awards and accolades in recognition of our various initiatives. Our recent awards and accolades include the "Best Financial Institution Category-Gold" in the Export Excellence Awards by the Federation of Karnataka Chambers of Commerce and Industry, Bengaluru, 2013, the "Asia HRD Award" for "Contribution to Organization" in the Asia HRD Congress Awards, 2014, the Platinum Award for "Innovation" by the Skoch Financial Inclusion & Deepening Award, 2014, the Global CSR Excellence and Leadership Award 2014 from the CSR World Congress, the Golden Peacock Award for Excellence in Corporate Governance 2013 and 2014, the Golden Peacock Award for Excellence in CSR 2013, the "SKOCH Award" for Corporate Social Responsibility 2013 and the Best Bank Award for implementation of Rural Self Employment Training Institutes from the Ministry of Rural Development, GOI, 2013.

We are engaged in a wide variety of banking activities, such as corporate, small and medium-sized enterprises and retail banking, and offer a wide range of financial products and services to corporate, SME and retail customers, including both resident and non-resident Indians. We also provide funding to sectors identified by the GOI as "priority sectors", such as agricultural and small scale industries. Our corporate banking services cater to the banking needs of large and medium-sized corporations. We offer a variety of corporate banking services including medium to long term project financing, working capital financing, syndicated loans, short-term credit products linked to market benchmarks and derivative products. Our SME banking services include providing project and corporate finance, working capital, short term credit, cash management and treasury products. Our retail banking services include consumer lending and deposit services. We offer a wide range of consumer credit products, including personal loans, home loans, vehicle loans, education loans, mortgage loans and credit card services. Our deposit products include savings accounts, time deposits and tailored deposit products for customers in various sectors, such as accounts for high net worth individuals, non-resident Rupee accounts, annuity-linked deposit schemes and tax-saving deposit products.

The Bank's other businesses include bancassurance (marketing and distribution of life, non-life and health insurance products), marketing and distribution of mutual fund products, executor, trustee and taxation services, depository services, safe deposit box services, GOI business, agricultural consultancy services and merchant banking.

We also undertake business in the areas of housing finance, priority sector lending in rural areas through our RRBs, asset management, factoring, stock broking and equity trading, software development and consultancy, venture capital and life insurance through our Subsidiaries and Associates.

Our total assets have increased from Rs. 3,790.83 billion as of March 31, 2012 to Rs. 5,010.90 billion as of March 31, 2014 at a CAGR of 15.0% and our total deposits have grown from Rs. 3,268.94 billion as of March 31, 2012 to Rs. 4,206.04 billion as of March 31, 2014 at a CAGR of 13.4%. Our total advances have increased from Rs. 2,327.29 billion as of March 31, 2012 to Rs. 3,013.26 billion as of March 31, 2014 at a CAGR of 13.8%. Our total income has increased from Rs. 339.20 billion as of March 31, 2012 to Rs. 437.14 billion as of March 31, 2014 at a CAGR of 13.5%. Our net profit decreased from Rs. 33.42 billion for the year ended March 31, 2012 to Rs. 26.30 billion for the year ended March 31, 2014 at a CAGR of 11.3%. In addition, the number of our branches has increased from 3,600 as of March 31, 2012 to 4,755 as of March 31, 2014 at a CAGR of 14.9%.

As of September 30, 2014, the Bank's total assets were Rs. 5,286.88 billion and the Bank's total deposits were Rs. 4,611.93 billion. The Bank's total advances were Rs. 3,108.60 billion as of September 30, 2014. The Bank's total income was Rs. 236.43 billion as of September 30, 2014. The Bank's net profit was Rs. 14.34 billion for the six months ended September 30, 2014. In addition, the number of the Bank's branches was at 5,514 as of September 30, 2014.

Main Objects

Founded as "Canara Bank Hindu Permanent Fund" in 1906, by late Shri Ammembal Subba Rao Pai, the private entity was converted into a limited company as "Canara Bank Ltd." in 1910 and became Canara Bank in July 1969 after nationalization. The main objects of the Bank at the time of the nationalization, as laid down in the Banking Companies Act are as under:

"*To control the heights of economy and to meet progressively, and serve better, the needs of development of the economy in conformity with national policies and objectives and for matters connected with or incidental thereto*."

The Bank carries on and transacts the business of banking i.e. "accepting for the purpose of lending or investment, of deposits of money from public, repayable on demand or otherwise, and withdrawal by cheque, draft, order or otherwise" as defined under Clause 1(b) of section 5 of the Banking Regulation Act. The banking business is governed by section 3 (7) and section 3 (5) of Chapter II of the Banking Companies Act.

The Bank, in the course of its business, accepts funds at the primary level, to be placed into various kinds of deposit accounts and to be lent to various categories of borrowers. It also extends banking services under various market segments, namely, personal banking, corporate banking, agricultural banking, international banking, merchant banking, depository participant services, investment banking, credit card business, bancassurance, leasing & hire purchase etc.

Financial Performance

The operating profit of the Bank increased by 15.4% to Rs. 6,796 Crore compared to Rs. 5,890 Crore last year. Due to higher provisions and contingencies from Rs. 3,018 Crore last year to Rs. 4,358 Crore, the Bank earned a net profit of Rs. 2,438 Crore for 2013-14 compared to Rs. 2,872 Crore last year. Return on average assets for the year stood at 0.54%. Profit per employee worked out to Rs. 5.00 lakh for the year.

Key Financial Ratios (%)	March 2013	March 2014
Cost of Funds	6.96	6.80
Yield on Funds	9.05	8.79
Cost of Deposits	7.72	7.42
Yield on Advances	11.13	10.54
Yield on Investments	8.12	8.03
Spread as a % to AWF	2.09	1.99
Net Interest Margin (NIM)	2.40	2.27
Operating Expenses to Average Working Funds	1.37	1.35
Return on Avg. Assets (RoAA)	0.77	0.54
Return on Equity	14.03	10.59
Business per Employee (Rs. in Crore)	14.20	14.42
Profit per Employee (Rs.in Lakh)	6.96	5.00
Book Value (Rs.)	490.56	522.76
Earnings per Share (Rs.)	64.83	54.48

The net worth of the Bank, as at March, 2014 increased to Rs. 23,394 Crore compared to Rs. 21,732 Crore as at March 2013. While total paid-up capital of the Bank was Rs. 461.26 Crore, reserves and surplus increased to Rs. 29,159 Crore. The GOI infused Rs. 500 Crore capital in the Bank by way of preferential allotment of 1.83 Crore equity shares on December 31, 2013. On account of the above, the GOI's shareholding in the Bank increased to 69% from the earlier level of 67.72%. During the year, the Bank also raised Rs. 2,500 Crore Basel III compliant tier II bonds.

(Amount in Rs.Crore)

Composition of Capital	March 2013	March 2014
Risk Weighted Assets	243348	312226
CET 1	-	23132
CET 1(%)	-	7.41
AT 1	-	8.59
AT 1(%)	-	0.27
Tier I Capital	23776	23991
CRAR (%)(Tier I)	9.77	7.68
Tier II Capital	6388	9205
CRAR (%)(Tier II)	2.63	2.95
Total Capital	30164	33196
CRAR (%)	12.40	10.63

CAR as at March, 2014 stood at 10.63% against regulatory requirement of 9%. Within the capital adequacy ratio, Common Equity Tier 1 ratio stood at 7.41% against requirement of 5% and tier I Capital ratio was at 7.68% against the requirement of 6.5%. Adequate headroom is available under both tier-I and tier-II options for the Bank to raise capital in order to support business growth momentum.

Business Growth

Total deposits grew by 18.2% to reach Rs. 4,20,723 Crore as at March 2014 compared to Rs. 3,55,856 Crore a year ago. During the year, the Bank shed Rs. 25,681 Crore worth high cost deposits. As a result, the share of high cost bulk deposits came down from 15% as at March 2013 to 6.5% as at March 2014.

Advances (net)

The Bank expanded its asset base to a well diversified productive segments of the economy like Agriculture and MSMEs, retail, including housing, education, vehicle and others, exposure to corporates and various infrastructure segments.

Advances (net) of the Bank grew by 24.3% to reach Rs. 3,01,067 Crore compared to Rs. 2,42,177 Crore a year ago.

As at March 2014, the number of borrowal clientele has increased to 66 lakh from 53 lakh last year.

Total business

The total business of the Bank increased to Rs. 7,21,790 Crore, with a y-o-y growth of 20.7% compared to Rs. 598033 Crore in the previous year. Productivity, as measured by business per employee, increased to Rs. 14.42 Crore from Rs. 14.20 Crore a year ago. During the year, the Bank's total clientele base increased by 85 lakh to 5.55 Crore from 4.70 Crore last year. During the year, the Bank's total clientele base increased by 85 lakh to 5.55 Crore from 4.70 Crore last year.

Retail Lending Operations

In line with the thrust areas set for the year, the Bank's retail lending operations recorded robust y-o-y growth.

(*Amount in Rs. Crore*)

Retail Segments	As at March		Growth	
	2013	2014	Quantum	(%)
Housing	13134	19684	6550	49.9
Vehicle	1913	3099	1186	62.0
Other personal	3694	5845	2151	58.2
Education	4343	4901	558	12.8
Total Retail Loans	**23084**	**33529**	**10445**	**45.2**

Outstanding retail loans portfolio grew by 45.2% y-o-y to Rs. 33,529 Crore as at March 2014. The disbursals under various retail lending schemes amounted to Rs. 18,499 Crore. The outstanding housing loan portfolio rose to Rs. 19,684 Crore, with a y-o-y growth of 49.9% and accounted for 59%

of the total retail lending portfolio. The Bank's Vehicle loans and other personal loans increased by 62% and 58.2% y-o-y respectively.

International Operations

The Bank's overseas operations covers 6 countries, with one branch each at London and Leicester (UK), Hong Kong, Shanghai (China) and Manama (Bahrain), a Representative Office at Sharjah (UAE) and a joint venture bank, viz., Commercial Indo Bank LLC in Moscow, in association with State Bank of India.

All overseas branches recorded improved performance during the year. Total business of the five overseas branches aggregated to Rs. 41094 Crore for the financial year ending March 2014. Overseas Business constituted 5.7% of the Bank's total business, up from 4.8% last year.

The Bank opened a branch at Johannesburg (Republic of South Africa) on May 19, 2014 and launched another branch at New York (USA) on June 9, 2014. The Bank has approval from RBI for expansion in another 8 countries by March 2015, such as, DIFC (Dubai), Qatar Financial Centre (Qatar), Frankfurt (Germany), Sao Paulo (Brazil), Dar-es-Salaam (Tanzania), Tokyo (Japan), Abuja (Nigeria) and Jeddah (Saudi Arabia).

The Bank has sought RBI approval for expansion in 11 more international centres, namely, Kingsbury, East Ham & Birmingham at UK, Mexico City (Mexico), Istanbul (Turkey), Jakarta (Indonesia), Kigali (Rwanda), Singapore, Auckland (New Zealand), Sydney (Australia) and Ontario (Canada).

The Bank's international operations are well supported by a wide network of 373 Correspondent Banks, spread across 79 countries. Rupee drawing arrangement has been made with 32 exchange houses and 14 overseas banks for channelizing the remittances of non-resident indians. The Bank has been managing two exchange houses viz., Al Razouki International Exchange Company, Dubai and Eastern Exchange Est., Qatar.

Credit Risk Management

The Bank has various risk management systems for managing credit risk with comprehensive policies and procedures in place.

The credit risk management policy articulates the guidelines on:

- risk based pricing;
- entry barriers based on risk rating; and
- delegation of credit sanctioning powers to various authorities/ credit approval committees based on internal risk rating of the borrowers.

An exclusive credit monitoring policy, within the credit risk management policy, has been put in place. The loan review mechanism articulated in the credit monitoring policy covers the entire gamut of review and monitoring as an effective tool for evaluating the loan book continuously. It also intends to bring out qualitative improvements in credit administration including credit audit/ pre-release audit duly administered by the credit administration and monitoring wing.

National Priorities

The Bank continues to accord importance to varied goals under national priorities, including agriculture, education, housing, micro-credit, weaker sections, Scheduled Caste and /Scheduled Tribes and specified minority communities.

Priority sector advances of the Bank as at March 2014 reached Rs. 97,762 Crore, recording a y-o-y growth of 23.8% and achieved 42.52% to ANBC against 40% mandated norm.

(Amount in Rs. Crore)

Priority sector advances	As at March		Growth	
	2013	2014	Amount	%

Priority sector advances	As at March		Growth	
	2013	2014	Amount	%
Agriculture	40786	48797	8011	19.6
Direct agriculture	37984	44268	6284	16.5
Total priority sector	**78998**	**97762**	**18764**	**23.8**

With a focus on credit delivery to agriculture, the Bank's advances under agriculture portfolio increased to Rs. 48,797 Crore, covering over 48 lakh farmers. Under agriculture lending, the Bank achieved 21.22% to ANBC against 18% mandated norm. During 2013-14, the Bank's agriculture credit disbursal increased to Rs. 41667 Crore, with a y-o-y growth of 23.5%.

Advances under Direct Agriculture increased to Rs. 44,268 Crore, with a y-o-y growth of 16.5%. The Bank achieved 19.25% to ANBC against 13.5% mandated norm. The Bank undertook special campaigns for extending crop loans/general credit cards facility to all farmers/ non-farmers.

Since inception, the Bank has issued a total of 46.24 lakh kisan credit cards, amounting to Rs. 33,619 Crore. During the year, the Bank issued 4.97 lakh kisan credit cards, amounting to Rs. 7095 Crore. As at March 2014, the credit outstanding under kisan credit cards was at Rs. 8031 Crore. The number of kisan ruPay card issued was at 5.16 lakh against eligible accounts of 5.35 lakh, with an achievement of 96.44%.

During the year, the Bank also extended financial assistance to other priority sectors, such as, state sponsored organization for Scheduled Castes/ Scheduled Tribes, housing and micro credit.

The Bank actively participated in various GOI sponsored schemes, such as, Prime Minister's Rozgar Yojana, Prime Minister's Employment Generation Programme, Swarnajayanthi Gram Swarozgar Yojana, Swarnajayanthi Shahri Rozgar Yojana, Scheme for Liberation and Rehabilitation of Scavengers and Differential Rate of Interest Scheme.

Financial Inclusion

With the basic objective of bringing the large unserved population under the banking mainstream, the Bank is striving towards a more inclusive growth by making financial products and services available to financially excluded and marginalized sections of society in particular. As per the GOI and the RBI directions, the Bank has been actively pursuing the agenda of financial inclusion, with key interventions in four groups, viz., expanding banking infrastructure, offering appropriate financial products, making extensive and intensive use of technology and through advocacy and stakeholder participation.

The Bank has successfully covered all the allotted 1,624 villages (spread across 24 States), with population above 2000 for providing banking facilities. After ensuring coverage of villages in more than 2000 population category, the Bank has covered 3860 villages in less than 2000 population category.

During the year, the Bank opened 261 branches in financial inclusion/ unbanked villages, taking the total tally of financial inclusion branches to 536 under branch model. The Bank has engaged 2402 business correspondents agents under business correspondents model by engaging three corporate, viz., Integra Micro Systems Private Limited, Fino Paytech and CSC e-Governance Services India Limited. Out of 30 ultra small branches opened during 2011-12, 512 ultra small branches during 2012-13 and 2 ultra small branches during 2013-14, 28 ultra small branches have been upgraded as branches.

Credit Linkage

Financial deepening is yet another endeavour by the Bank in providing various other facilities like in-built overdrafts, kisan credit cards, general credit cards, differential rate of interest scheme, self help groups, micro credit groups, micro insurance and micro pension under Canara Nayee Disha Scheme.

- *In-Built Overdrafts* - In built OD facility permitted to 3.22 lakh beneficiaries, amounting to Rs. 43.65 Crore.

- *General Credit Cards* - The Bank issued 1.99 lakh GCCs during the year, with total disbursement of Rs. 461 Crore. GCCs outstanding at the end of the year was 3.89 lakh accounts, with a balance of Rs. 832 Crore.

- *Differential Rate of Interest Scheme***-** During the year, the Bank financed 98,000 persons under DRI Scheme, with total assistance of Rs. 128 Crore. DRI outstanding at the end of year was 1.38 lakh accounts, with a balance of Rs. 145 Crore.

- *Self Help Groups* **–** 25,741 SHGs were formed during the year. Credit linked 47,076 SHGs, with credit of Rs. 821 Crore. The outstanding SHGs at the end of the year stood at 92,117 accounts, with a balance of Rs.1902 Crore.

Corporate Social Responsibility

Following founding principles and century old tradition, the Bank is engaged in varied corporate social responsibility ("**CSR**") activities. CSR initiatives of the Bank are multifarious, covering activities like training unemployed rural youth, providing primary health care, drinking water, community development, empowerment of women and other social initiatives.

Rural Development

The Bank, through its canara bank centenary rural development trust , has established 34 exclusive training institutes, including 26 rural self employment training institutes, 5 institutes of information technology and 3 artisan training institutes to promote entrepreneurship development among rural youth and encourage them taking up self-employment activities. During 2013-14, these institutes trained 26,521 candidates, taking the tally to 2.16 lakh unemployed youth since inception, with an impressive settlement rate of 73%.

The Bank has co-sponsored another 27 Rural Development and Self Employment Training Institutes across 17 States, engaged in training of rural youth for taking up self-employment programmes. During 2013-14, these Institutes trained 23,861 candidates, taking the tally to 3.45 lakh unemployed youth, with a settlement rate of 73%.

Infotech Progress

During 2013-14, the Bank added a record 2786 ATMs, taking the total number of ATMs to 6312, spread across 3572 centres. 100% onsite ATMs for all 3728 branches opened up to March 2013 is also completed as at March 2014. The Bank's debit card base rose to 1.51 Crore compared to 95.53 lakh as at March 2013.

The Bank opened 102 hi-tech e-lounges in select branches with facilities like ATM, cash deposit kiosk with voice guided system, cheque deposit kiosk, self printing passbook kiosk, internet banking terminal, online trading terminal and corporate website access.

Manpower Profile

As at March 2014, the Bank had 48,794 employees on its rolls.

	March 2013	**March 2014**
Officers	17835	20878
Clerks	16095	18770
Sub-Staff*	8763	9146
Total No. of Employees	**42693**	**48794**

* *includes part-time employees*

The Bank's staff comprises of 42.8% officers, 38.5% clerks and 18.7% sub-staff. Women employees comprising 13,385, constituted 27.4% of the Bank's total staff. The total number of ex-servicemen staff as at March 2014 stood at 2,853. There were 1034 physically challenged employees on the rolls of the Bank.

During the year, the Bank recruited 9,139 persons in various cadres, out of which, 1883 belonged to scheduled castes and 571 to scheduled tribes categories. This includes 543 ex-servicemen recruited in various cadres during the year. 3,153 women employees were recruited and 476 women employees were promoted under various cadres during the year.

The Bank has undertaken a special recruitment project, viz., 'Udaan'. Udaan is a special industry initiative between corporate, NSDC and the youth of Jammu and Kashmir for selection of 300 candidates for training and recruitment of 150 of them post training. As per the call given by the Ministry of Home Affairs, Canara Bank is the only Nationalized Bank to associate and implement the project successfully as part of its CSR**.** In response to the advertisement for the same, the Bank received 13,120 applications from candidates for training in terms of the Scheme. 300 candidates were finally selected for training after initial screening test through Institute of Banking Personnel Selection and interview process, of which, 247 candidates reported for training. The training programme was inaugurated by Shri Omar Abdullah, Hon'ble Chief Minister, J&K at Jammu on December 31, 2013, in the presence of the Bank's then CMD Shri R K Dubey. The entire cost of the project including training, facilities to trainees like accommodation, food during training was borne by the Bank. The training programme has since concluded. Further, it was decided to absorb all the 247 candidates who underwent training as against planned 150 candidates. Accordingly, all 247 candidates are recruited as Officers/Clerks, comprising 187 as probationary officers and 60 as probationary clerks.

Financial Super Market

The Bank, with an objective of offering 'one stop banking' facilities for the customers, forayed into diversified business activities by opening subsidiaries during late 1980s. Today, the Bank functions as a 'financial supermarket' with as many as nine subsidiaries/ sponsored entities/ joint ventures in diversified fields.

During the year, the Bank appointed KPMG Advisory Services Private Limited as consultant for a comprehensive assessment and also to draw a roadmap for the Bank's subsidiaries/ associates. The Bank is in the process of implementation of the pilots in respect of various initiatives suggested by the consultant.

All the subsidiaries/ sponsored entities/ joint ventures of the Bank recorded satisfactory performance during the year.

Commercial Indo Bank LLC ("**CIBL**")

CIBL, a joint venture of Canara Bank and State Bank of India, has been operational since April 2004 in Moscow, Russia. CIBL earned a profit after tax of U.S.$4.07 million as of March 31, 2014.

Canbank Venture Capital Fund Limited ("**CVCFL**")

Incorporated in 1995, CVCFL is the trustee and manager of Canbank Venture Capital Fund and a wholly owned subsidiary of the Bank. CVCFL has floated 5 funds till date, viz., fund I with corpus Rs. 16.42 Crore, fund II with corpus Rs. 10.50 Crore, fund III with corpus Rs. 30 Crore, fund IV with corpus Rs. 60 Crore and the latest one being the Emerging India Growth Fund with a corpus of Rs. 500 Crore, contributed by 19 banks including the Bank. During 2013-14, CVCFL posted a profit after tax of Rs. 6.10 Crore and a dividend of 800%.

Can Fin Homes Limited ("**CFHL**")

Incorporated in 1987, CFHL, a Sponsored Entity of Canara Bank is one of the premier housing finance entity, with 87 branches spread across the country. As on March 31, 2014, the Bank's stake in CFHL is 42.35%.

During the year, CFHL sanctioned loans amounting to Rs. 2,907 Crore, with disbursement amounting to Rs. 2548 Crore. CFHL earned a profit after tax of Rs. 75.71 Crore for the year ended March 31, 2014 and proposed a dividend of 65% for the year ended March 31, 2014.

Canbank Factors Limited ("**CFL**")

Incorporated in 1991, CFL is a factoring subsidiary of the Bank involved in invoice discounting, sales ledger administration, debt collection and advisory services. As on March 31, 2014, the Bank's stake in CFL is 70%. CFL enjoys the highest rating of "p1+" by CRISIL for its short term debt programme.

During 2013-14, CFL achieved a total business turnover of Rs. 2,711 Crore. The Company earned profit after tax of Rs. 10.60 Crore for the year ended March 2014 and proposed 10% dividend for 2013-14.

Canbank Computer Services Limited ("**CCSL**")

Incorporated in 1994, CCSL is engaged in software development, business process outsourcing, ATM management and registrar & share transfer services. It is the only Software Company promoted by a public sector bank in the country. The Company is a member of the NASSCOM and is registered as a software solution provider for World Bank projects.

As on March 31, 2014, the Bank's stake in CCSL is 69.14%. With a turnover of Rs. 33 Crore, CFL posted a profit after tax of Rs. 5.43 Crore for the year end March 31, 2014 and proposed a dividend of 50% for the year ended March 31, 2014.

Canara Bank Securities Limited ("**CBSL**")

CBSL, (formerly Gilt Securities Trading Corporation Limited) is a subsidiary of the Bank diversified into capital market related activities, mainly stock broking since 2007.

CBSL offers online trading facilities in the capital market-cash segment, futures and options and currency derivatives segments and subscribes to public issues and mutual fund products for both institutional and retail clients. CBSL has a clientele base of over 31,000. For the year under review, the Company reported a turnover of Rs. 14,355 Crore. It posted a profit after tax of Rs. 6.07 Crore and paid dividend of 12.5% for the year ended March 31, 2014.

Canbank Financial Services Limited ("**Canfina**")

Canfina is a subsidiary of the Bank which has confined its activities to legal matters arising out of past transactions in securities, besides concentrating on collection of lease rentals and recovery of dues under decreed accounts. During 2013-14, Canfina recorded a profit of Rs. 44.27 Crore.

Canara Robeco Asset Management Company Limited ("**CRAMC**")

To manage the assets of Canbank Mutual Fund, Canbank Investment Management Services Limited was established in 1993. In 2007, Canara Bank divested 49% stake of asset management company in favour of M/s Robeco Groep N. V., forming a joint venture for managing the assets of Canbank Mutual Fund, resulting in the formation of CRAMC.

As at March 2014, the assets under management of CRAMC was Rs. 7342 Crore, covering an investor base of 5.12 lakh. CRAMC is currently managing 25 mutual fund schemes including gold EFT. CRAMC posted a profit after tax of Rs. 9.81 Crore for the year ended March 31, 2014.

Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited ("**Can HSBC OBC Insurance Co**")

This entity is an insurance joint venture floated by the Bank in association with HSBC Insurance (Asia Pacific) Holding Limited and Oriental Bank of Commerce. Can HSBC OBC Insurance Co was incorporated during September 2007 and commenced its business operations from June 16, 2008, with a majority shareholding of 51% held by the Bank. During 2013-14, the Company launched 3 new life insurance products, viz., esmart online pure term plan, smart monthly income plan and smart stage money back plan.

Can HSBC OBC Insurance Co recorded statutory profit of Rs. 66.2 Crore, reaching its discrete break even in the 5th year of its operation compared to the industry norm of 7 to 9 years.

Regional Rural Banks ("**RRBs**")

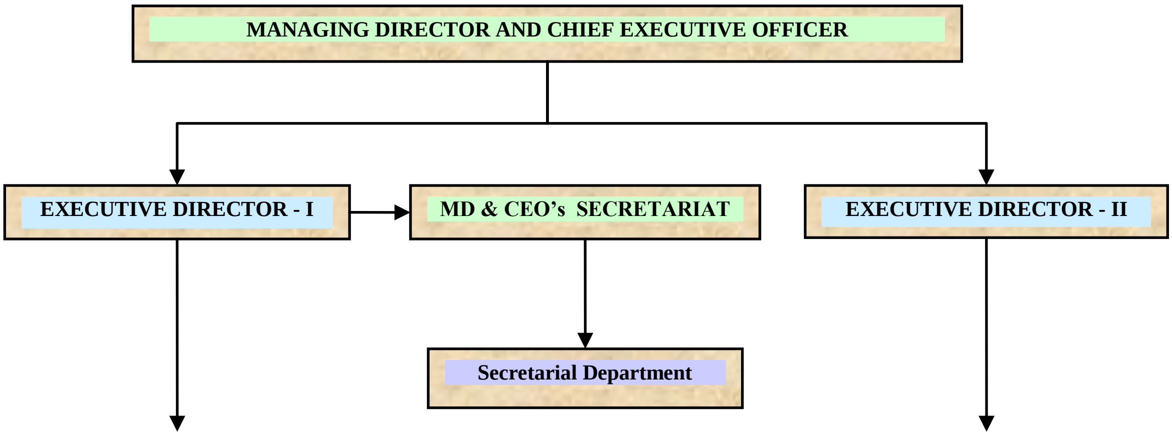
2013-14 was a landmark year for the Bank sponsored RRBs seen in the context of amalgamation of geographically contiguous RRBs within a State sponsored by different banks. On July 8, 2013, North Malabar Gramin Bank sponsored by Syndicate Bank was amalgamated with the Bank sponsored South Malabar Gramin Bank to form a single RRB, viz., Kerala Gramin Bank, covering the entire State of

Kerala. Similarly, on August 23, 2013, Krishna Grameena Bank sponsored by State Bank of India was amalgamated with the Bank sponsored Pragathi Gramin Bank to form a single RRB, viz., Pragathi Krishna Gramin Bank, covering 11 eastern districts of Karnataka. With this merger, the total branches of the Bank sponsored 2 RRBs increased to 1137.

ii. **Corporate Structure**

Organizational chart

HEAD OFFICE ORGANISATIONAL STRUCTURE



म प्र G M	जोखिम प्रबंधन विभाग- पूँजी आयोजना सहित **Risk Management Wing including Capital Planning**
म प्र & मुसअ G M& CVO	सतर्कता विभाग **Vigilance Wing**
म प्र G M	खुदरा आस्ति विभाग **Retail Assets Wing**
मप्र G M	मानव संसाधन विभाग / कर्मचारी प्रशिक्षण महाविद्यालय, **Human Resources Wing / Staff Training College**
म प्र G M	सूचना प्रौद्योगिकी विभाग **Department of Information Technology Wing**
म प्र G M	संव्यवहार बैंकिंग विभाग - एटीएम कक्ष सहित, **Transaction Banking Wing including ATM Cell**
म प्र G M	खुदरा संसाधन विभाग **Retail Resources Wing**
म प्र G M	सामरिक आयोजना व विकास विभाग **Strategic Planning & Development Wing**
म प्र G M	वित्तीय प्रबंधन व अनुषंगियाँ विभाग **Financial Management and Subsidiaries Wing**
म प्र G M	अंतर्राष्ट्रीय परिचालन विभाग – साख सहित **International Operations Wing including Credit**
म प्र G M	कॉर्पोरेट साख विभाग - I सीडीआर व दबावग्रस्त खाते **Corporate Credit Wing – I / CDR & Stressed Accounts**
म प्र G M	कॉर्पोरेट साख विभाग -III **Corporate Credit Wing – III (8 Circles)**
म प्र G M	प्रौद्योगिकी जोखिम व धोखाधडी निवारण विभाग **Technology Risk & Fraud Prevention Wing**

म प्र G M	साख प्रशासन व निगरानी विभाग **Credit Administration & Monitoring Wing**
म प्र G M	वसूली विभाग **Recovery Wing**
म प्र G M	जोखिम आधारित पर्यवेक्षण व प्रबंधन सूचना प्रणाली विभाग **Risk Based Supervision & MIS Wing**
मु म प्र C G M	प्राथमिकता साख व वित्तीय समावेशन विभाग ,कॉर्पोरेट सामाजिक उत्तरदायित्व **Priority Credit & Financial Inclusion Wing, Corporate Social Responsibility**
म प्र G M	क्षेत्रीय ग्रामीण बैंक व अग्रणी बैंक विभाग **Regional Rural Banks & Lead Bank Wing**
म प्र G M	एमएसएमई विभाग **MSME Wing**
म प्र G M	सामान्य प्रशासन विभाग **General Administration Wing**
म प्र G M	निरीक्षण विभाग **Inspection Wing**
म प्र G M	राजभाषा (मानव संसाधन विभाग) **Official Language (H R Wing)**
म प्र G M	कॉर्पोरेट साख विभाग - II / परियोजना मूल्याँकन समूह व समूहन **Corporate Credit Wing – II / PAG & Syndication**
म प्र G M	कॉर्पोरेट साख विभाग - III **Corporate Credit Wing – III (10 Circles)**
उ म प्र D G M	अनुपालन प्रभाग **Compliance Department**

म प्र GM	**विपणन व कारोबारी प्रक्रिया पुनर्विन्यास विभाग (विपणन / विक्रय / प्रति विक्रय / बीपीआर व शुल्क आय वर्टिकल)** **Marketing & Business Process Re-engineering Wing (Marketing / Selling / Cross Selling, BPR & Fee Income Vertical)**
म प्र G M	**एकीकृत कोष विभाग व निधि प्रबंधन** **Integrated Treasury Wing & Funds Management**

iii. **Key Operational And Financial Parameters for the last three audited years**

(Figures in Rs. Crores)

a. Standalone

Parameters	For the HY September 30, 2014	FY 12	FY 13	FY 14
Networth	24816.25	19027.28	21732.01	23393.56
Total Debt	483707.74	342579.12	376139.36	447953.46
Of which Non-Current Maturities of LTB	13749.95	11742.36	10971.22	15420.04
Short Term Borrowing	7839.83	3443.03	9236.70	11047.10
Current Maturities if LTB	925.00	340.00	75.45	763.50
Net Fixed Assets	6767.00	2857.54	2862.72	6641.56
Non Current Assets	377295.20	220091.43	250037.66	306872.62
Cash and Cash Equivalents	49718.45	28179.4	34714.7	44828.71
Current Investments	15508.32	15305.91	15939.85	7447.52
Current Assets	151392.64	154068.76	162304.95	185049.23
Current Liabilities	286766.63	179935.21	183042.74	276652.10
Assets Under Management	NA	NA	NA	NA
Off Balance Sheet Assets	NIL	NIL	NIL	NIL
Interest Income	21594.98	30850.62	34077.93	39547.61
Interest Expense	16797.93	23161.31	26198.94	30603.17
Provisioning & Write-offs	1986.84	2660.45	3017.91	4358.00
PAT	1433.70	3282.71	2872.1	2438.19
Gross NPA (%)	2.92	1.73	2.57	2.49
Net NPA (%)	2.31	1.46	2.18	1.98
Tier I Capital Adequacy Ratio (%)	7.41	10.35	9.77	7.68
Tier II Capital Adequacy Ratio (%)	2.78	3.41	2.63	2.95

b. Gross Debt: Equity Ratio of the Issuer (before & after the proposed issue)

Particulars	Pre Issue (As on September 2014)	Post Issue of Bonds of Rs. 1500 Crore (September 30, 2014)
TOTAL LONG TERM DEBTS **	15807.33	17307.33
Total Long Term Debt	15807.33	17307.33
SHAREHOLDERS' FUNDS	25304.17	25304.17
Share Capital	461.26	461.26
Reserve & Surplus (excluding Revaluation Reserve)	24842.91	24842.91
Net Worth	24816.25	24816.25
GROSS DEBT/ EQUITY RATIO	0.62	0.68

** *excludes refinancing (domestic) and borrowings from banks (overseas)*

iv. **Project Cost and Means of Financing, in case of funding of new projects**

The funds being raised by the Bank through present issue of Bonds are not meant for financing any particular project. The Bank shall utilise the proceeds of the Issue for its regular business activities and other associated business objectives such as discharging existing debt obligations which were generally undertaken for business operations. The Bank has to shore up its capital base to match the growth in assets and maintain level of CAR higher than the minimum level prescribed by RBI.

C. Brief history since incorporation giving details of the following activities

i. Details of Share Capital as on December 31, 2014

(*Rs. in Crore*)

Particulars		Amount
1.	SHARE CAPITAL	
a.	Authorized Equity Share Capital	
	300,00,00,000 Equity Shares of Rs. 10/- each	3,000.00
b.	Issued & Subscribed Equity Share Capital	
	46,12,58,837 Equity Shares of Rs. 10/- each fully paid up	461.26
c.	Paid-up Equity Share Capital	
	46,12,58,837 Equity Shares of Rs. 10/- each fully paid up	461.26
	Add: Amount of Equity Shares forfeited	
	Total Paid-up Equity Share Capital	461.26
2.	SHARE PREMIUM ACCOUNT (PROVISIONAL)	2716.94

The Issue will not have any impact on the paid-up capital.

ii. Changes in the capital structure as on last quarter end, for the last five years:

Date of Change (AGM/EGM)	Rs. (*in Crore*)	Particulars
By notification F. No. 11/4/2009-BOA dated November 27, 2009 of GOI	3000	Authorized capital of the Bank increased from Rs. 1500 to Rs. 3000
		Preferential allotment to the GOI
July 19, 2010	33	Qualified institutional placement – allotment made on March 15, 2011
December 30, 2013	18.26	Preferential allotment to the GOI

iii. Equity Share Capital History of the Company as on the last quarter end, for the last five years:

Details after March 31, 1999:

Sl no	Year of allotment	No of equity share	Face value (Rs.)	Issue price (Rs.)	Nature of consideration /Allotment (Cash, Other than cash etc)	Cumulative share capital		
						No of equity share	Equity share capital (Rs. in cr)	Equity share premium (Rs. in cr)
1		30,00,00,000	10.00	--	Held by GOI	30,00,00,000	300.00	-----
2	2002-03 (IPO)	11,00,00,000 (to public)	10.00	35.00	(IPO) Placement of Equity Shares	41,00,00,000	410.00	275.00
3	2010-11	3,30,00,000	10.00	604.00	Qualified Institutional	44,30,00,000	443.00	2235.20

Sl no	Year of allotment	No of equity share	Face value (Rs.)	Issue price (Rs.)	Nature of consideration /Allotment (Cash, Other than cash etc)	Cumulative share capital		
					Placement (QIP)			
4	2013-14	1,82,58,837	10.00	273.84	Preferential Allotment to GOI	46,12,58,837	461.26	2716.94

iv. Details of any acquisition or amalgamation in the last 1 (one) year

None.

v. Details of any reorganization or reconstruction in the last 1 (one) year

Type of event	Date of announcement	Date of completion	Details
Formation of Risk based Supervision & MIS Wing	April 19, 2014	April 19, 2014	In order to give focused attention to the following aspects emphasized by RBI, a new wing by name Risk Based Supervision & MIS Wing has been formed at the head office of the Bank. 1. Risk Culture 2. Reliable MIS 3. Risk Return Framework

D. Details of shareholding of the Bank as on the latest quarter end

i. Shareholding pattern of the Bank as on December 31, 2014

Sr. No.	Particulars	Total number. of equity shares	Number of shares in demat form	Total shareholding as a percentage of total number of equity shares
1.	GOI/ State government	318258837	318258837	69.00
2.	Mutual Funds	21553290	21553290	4.67
3.	Financial Institutions and Banks	6717149	6717149	1.45
4.	Insurance Companies	32473335	32473335	7.04
5.	Foreign Institutional Investors	51694821	51694821	11.21
6.	Bodies Corporate	5718188	5582188	1.24
7.	Individuals	23658317	17429245	5.13
8.	Non-resident Indians	592903	592903	0.13
9.	Trusts	274117	274017	0.06
10.	Clearing Members	317880	317880	0.07
	TOTAL	**461258837**	**454893665**	**100.00**

Notes: The promoters have not pledged or encumbered their shareholding in the Bank

ii. List of top 10 (ten) holders of equity shares of the Bank as on December 31, 2014

S. No.	Name of shareholder	Total number of equity shares held	Number of equity shares held in demat form	Total shareholding as a percentage of total number of equity shares
1.	President of India	318258837	318258837	69.00
2.	Life Insurance Corporation of India	29514196	29514196	6.40
3.	Government Pension Fund Global	5183542	5183542	1.12
4.	HDFC Trustee Company Ltd- HDFC Top 200 Fund	3783124	3783124	0.82
5.	HDFC Trustee Company Ltd –HDFC Equity Fund	3717000	3717000	0.80
6.	HSBC Pooled Investment Fund A/C HSBC Pooled Invest	3298648	3298648	0.71
7.	Life Insurance Corporation of India – P&GS Fund	3000000	3000000	0.65
8.	Reliance Capital Trustee Co. Ltd A/c Reliance Equity	2798175	2798175	0.61
9.	HSBC Global Investment Funds A/c HSBC Global Investment Mauritius	2750401	2750401	0.60
10.	GMO Emerging Market Fund	2165749	2165749	0.47
TOTAL		**374469672**	**374469672**	**81.18**

E. Details regarding the Directors of the Bank

i. Current Directors of the Bank

Sl. No.	Name, designation and DIN	Age (in years)	Address	Director of the Bank since	Details of other directorship/s
1.	Shri. V.S. Krishna Kumar Managing Director & Chief Executive Officer DIN: 6578678	59	Canara Bank, Head Office 112, J.C. Road Bengaluru – 560 002	April 4, 2013	a) Canbank Factors Limited b) Canara Bank Securities Limited c) Canbank Computer Services Limited d) Canbank Venture Capital Fund Limited e) Canbank Venture Capital Fund f) Canara Robeco Asset Management Company Limited

Sl. No.	Name, designation and DIN	Age (in years)	Address	Director of the Bank since	Details of other directorship/s
2.	Shri. Pradyuman Singh Rawat Executive Director DIN: 6701854	58	Canara Bank, Head Office 112, J.C. Road Bengaluru – 560 002	August 5, 2013	National Payments Corporation of India
3.	Dr. Rajat Bhargava Government Nominee Director DIN: Not Available	50	Joint Secretary (Budget) Department of Economic Affairs, Ministry of Finance North Block New Delhi	July 26, 2013	NIL
4.	Smt. Meena Hemchandra RBI Nominee Director DIN: 5337181	56	Principal Chief General manager, Department of Banking Supervision, Reserve Bank of India III Floor, World Trade Centre I, Cuffe Parade, Colaba, Mumbai – 400 005	October 13, 2011	NIL
5.	Shri. G.V.Manimaran Other than Workmen Representative Director DIN: Not Available	53	Manager, Canara Bank I I T Branch, Chennai – 600 036	January 3, 2014	NIL
6.	Shri. Sunil Hukumchand Kocheta Part Time Non Official Director under Chartered Accountant category DIN: 2951197	56	S H Kocheta and Associates, Chartered Accountants, Parada Chambers, Subhash Chowk, Latur, Maharastra – 413 512	December 6, 2013	SHK Consultants Private Limited
7.	Shri. Sairam Bhaskar Mocherla Part-Time Non-Official DIN: 1430915	50	H.No.8-2-472/6, Road No.4, Banjara Hills, Hyderabad- - 500 034	December 5, 2013	a) Centre for Exposition of World Art and Culture b) M. Bhaskar Rao & Co. (Chartered Accountants) c) Capital Fortunes Private Limited (Advisory) d) Quality Care

Sl. No.	Name, designation and DIN	Age (in years)	Address	Director of the Bank since	Details of other directorship/s
					India Limited e) Top Venture Group LLC
8.	Shri. Rajinder Kumar Goel Share Holder Director DIN: 20363	52	E-6, Jhandewalan Extension, 2nd Floor, New Delhi – 110 055	July 27, 2013	i) First Consulting Solutions Private Limited ii) Manav Infradevelopers Private Limited iii) Ultra Buildtech PrivateLimited iv) Prodigy Propbuild Private Limited v) Shri Balaji Gardencity Developers Private Limited vi) Oasis Realtors & Promoters Private Limited vii) Riddi Propmart Private Limited viii) Prime Buildprop Private Limited
9.	Shri. Sanjay Jain Share Holder Director DIN: 105860	49	1016, Arunachal Building, Barakhamba Road, New Delhi - 110 001	July 27, 2013	Partner in Bansal Satish and Associates Holding

None of the current directors are appearing in the RBI defaulter list and/ or ECGC default list.

ii. Details of change in directors in the last three years

Sl. No	Name	Designation	Date of appointment	Date of cessation	Director of the Bank Since (in case of resignation)	Remarks
1	Shri. Pankaj Gopal Thacker	Part time non-official director	February 20, 2009	February 19, 2012	Not applicable	-
2	Shri. Khalid Luqman Bilgrami	Part time non-official director	June 22, 2010	June 6, 2013	Not applicable	-

Sl. No	Name	Designation	Date of appointment	Date of cessation	Director of the Bank Since (in case of resignation)	Remarks
3	Shri. P.V.Maiya	Shareholder Director	July 27, 2010	July 26 , 2013	Not applicable	-
4	Dr. Thomas Mathew	Govt Nominee Director	October 29, 2010	November 15, 2012	Not applicable	-
5	Shri. Sunil Gupta	Shareholder Director	July 27, 2010	July 26, 2013	Not applicable	-
6	Shri. S Raman	Chairman and Managing Director	September 1, 2010	September 30, 2012	Not applicable	-
7	Shri. G.V.Manimaran	Other than Workmen Representative Director	December 14, 2010	December 13, 2013	Not applicable	-
8	Smt. Archana. S. Bhargava	Executive Director	01.04.2011	April 22, 2013	Not applicable	-
9	Shri. Ashok Kumar Gupta	Executive Director	28.07.2011	October 31, 2014	Not applicable	-
10	Smt. Meena Hemchandra	RBI Nominee Director	October 13, 2011	Until further orders	Not applicable	-
11	Shri. Sutanu Sinha	Part Time Non-Official Director	October 17, 2011	October 16, 2014	Not applicable	-
12	Shri. G.V.Sambasiva Rao	Workmen representative	October 21, 2011	October 20, 2014	Not applicable	-
13	Smt. Sudha Krishnan	GOI Nominee Director	November 16, 2012	July 25, 2013	Not applicable	-
14	Shri. R.K.Dubey	Chairman and Managing Director	January 11, 2013	September 30, 2014	Not applicable	-
15	Shri. V.S. Krishna Kumar	Executive Director	April 4, 2013		Not applicable	Tenure on the Board ending on April 30, 2015
16	Shri. Rajinder Kumar Goel	Shareholder Director	July 27, 2013		Not applicable	Tenure on the Board ending on July 26, 2016
17	Shri. Sanjay Jain	Shareholder Director	July 27, 2013		Not applicable	Tenure on the Board ending on July 26, 2016
18	Shri. Sunil Hukumchand Kocheta	Part-Time Non-Official Director under Chartered Accountant	December 6, 2013		Not applicable	Tenure on the Board ending on December 5, 2016

Sl. No	Name	Designation	Date of appointment	Date of cessation	Director of the Bank Since (in case of resignation)	Remarks
		category				
19	Shri. Brij Mohan Sharma	Shareholder Director	July 27, 2013	December 31, 2013	Not applicable	Demitted Office onDecember 31, 2013
20	Shri. G.V. Manimaran	Other than Workmen Representative Director	January 3, 2014		Not applicable	Tenure on the Board ending on January 2, 2017
21	Shri Pradyuman Singh Rawat	Executive Director	August 5, 2013		Not applicable	Tenure on the Board ending on May 31, 2016
22	Dr. Rajat Bhargava	GOI Nominee Director	July 26, 2013	Until further orders	Not applicable	
23	Shri. Sairam Bhaskar Mocherla	Part Time Non-Official Director	December 5, 2013		Not applicable	Tenure on the Board ending on December 4, 2016

F. Details regarding the auditors of the Issuer

i. Details of the auditors of the Issuer

Sl. No	Name of statutory auditors	Firm registration No	Address & contact details	Auditor since
1	Loonker & Co.	000172 W	Loonker & Co. Chartered Accountants 8, Dhun Mahal Garden Road, Colaba Mumbai- 400 039 Tel No.: 022 2282 5580, 22856740 Fax No.: 022 2287 3044 Email: scloonker@gmail.com gopikishan.jangid@yahoo.com cajagdish77@gmail.com	December 2012
2	P Chopra & Co.	004957 N	P. Chopra & Co Chartered Accountants 10 Duggal Colony Karnal 132 001, Haryana Tel No.: 0184 225 3097, 227 3471 Fax No.: 0184 404 0100	December 2012

Sl. No	Name of statutory auditors	Firm registration No	Address & contact details	Auditor since
			Email: chopra.pkca@rediffmail.com chopra.pkca@gmail.com	
3	A R Das & Associates	306109 E	A R Das & Associates Chartered Accountants 1,2&3 Woodburn Court Woodburn Road Kolkata 700 020 Tel. No.: 033 2281 2976, 2290 4375 Fax No.: 033 2281 2976 Email: ardsys2002@rediffmail.com syamal.nayak@gmail.com swarnendu_c@yahoo.co.in	December 2012
4	S C Vasudeva & Co.	000235 N	S C Vasudeva & Co. Chartered Accountants B-41, PanchsheeL Enclave New Delhi- 110 017 Tel. No.: 011 2649 9111, 222, 444, 555 Fax No.: 011 4174 9444 Email: sanjay@scvasudeva.com ashish@scvasudeva.com abhinav@scvasudeva.com info@scvasudeva.com	December 2013
5	Vinay Kumar & Co.	000719 C	Vinay Kumar & Co. Chartered Accountants 1st Floor, Chandra Shekhar Azad Mkt. 5, Sardar Patel Marg, Civil Lines Allahabad – 211 001 Uttar Pradesh Tel. No.: 0532 240 8602 Fax No.: 0532 240 8839 Email: vinaykumarandco@gmail.com agvinay@hotmail.com a_senroy@hotmail.com nikhilko@gmail.com	December 2013
6	Ford Rhodes Parks & Co.	102860 W	Ford Rhodes Parks & Co. Chartered Accountants Sai Commercial Building, 3rd Floor, 312/313, B K S Devshi Marg, Govandi (East)	December 2013

Sl. No	Name of statutory auditors	Firm registration No	Address & contact details	Auditor since
			Mumbai – 400 088 Maharashtra. Tel No.: 022 6797 9819/ 20/ 21 Fax No.: 022 6797 9822 Email: frptax@vsnl.com frp_mumbai@hotmail.com	

ii. **Details of changes in statutory auditors of the Issuer in the last three years**

S. No.	Name	Address	Date of Appointment	Date of Cessation	Auditor of the Issuer since	Remarks
1.	S Bhandari & Co.	Chartered Accountants P-7, Tilak Marg C-Scheme Jaipur 302 005	September 15, 2009	November 6, 2012	September 2009	Nil
2.	Manubhai & Co.	Chartered Accountants II Floor, 'B' Wing, Premium House Near Gandhigram Railway Station Navrangpura, Ahmedabad 380 009	September 15, 2009	November 6, 2012	September 2009	Nil
3.	R K Kumar & Co.	Chartered Accountants II Floor, Congress Building 573 Mount Road Chennai 600 006	September 15, 2009	November 6, 2012	September 2009	Nil
4.	Nandy Halder & Ganguli	Chartered Accountants 18 Netaji Subhas Road (Top Floor) Kolkata 700 001	September 15, 2009	November 6, 2012	September 2009	Nil
5.	S P Chopra & Co.	Chartered Accountants 31-F Connaught Place New Delhi 110 001	January 3, 2013	August 3, 2013	December 2012	Nil
6.	H K Chaudhry & Co.	Chartered Accountants 1/9-B, Jindal House 1 Floor, Asaf Ali Road New Delhi 110 002	September 15, 2010	November 12, 2013	September 2010	Nil
7.	K Venkatachalam Aiyer & Co.	Chartered Accountants Sriniketan, PB No.12 Chettikulangara Trivandrum 695 001	September 15, 2010	November 12, 2013	September 2010	Nil

G. Details of borrowings of the Issuer as on December 31, 2014

i. Details Of Secured Loan Facilities:

The Bank has not availed any secured borrowings from any of the creditors.

ii. Unsecured Loan facilities/ Deposit as on December 31, 2014

Lender's name	Type of facility	Amount Sanctioned (Rs. in Crore)	Principal Amount Outstanding as on December 31, 2014 (Rs. In Crore)	Repayment Date/Schedule
From Banks	Demand Deposits	Not applicable	**474.65**	On demand
	Term Deposits	Not applicable	**25939.54**	7 days to 10 years
From Others	Demand Deposits	Not applicable	**18221.71**	On demand
	Term Deposits	Not applicable	**295847.72**	7 days to 10 years
Depositors	Saving Banks Deposits	Not applicable	**86322.26**	On demand
Various bondholders	Lower Tier 2 Bonds	Not applicable	**5425.00**	The bonds have a tenor ranging from 9 to 10 years
	Upper Tier 2 Bonds	Not applicable	**2000.00**	The bonds have a tenor up to 15 years with a call option after 10 years from the date of allotment with prior approval from RBI
	Perpetual Bonds	Not applicable	**1589.60**	Perpetual with a call option after 10 years from date of allotment with prior approval from RBI
Reserve Bank of India	Borrowings	Not applicable	**1180.00**	Up to 180 days
Others	Borrowings	Not applicable	**-**	-
Other Institutions &	Borrowings	Not applicable	**278.88**	Up to 3 years
Agencies		Not applicable	**-**	-
Outside India*	Borrowings	Not applicable	**11588.63**	8 days to 5 years
Banks/ Institution	Bills payable#	-	**-**	-

*** *Includes MTN bonds of Rs. 5358.14 Crore. # Total bills payable as on December 31, 2014 is Rs. 967.93 Crore.***

iii. TOP 10 BONDHOLDERS (as on December 31, 2014)

(*Rs. in Crores*)

S. No.	Name of Bondholder	Total face value amount of bonds held
1	CBT EPF-05-A-DM	1288.90
2	CBT EPF-05-C-DM	928.70
3	CBT EPF-11-A-DM	844.30
4	CBT EPF-05-B-DM	674.50

S. No.	Name of Bondholder	Total face value amount of bonds held
5	LIFE INSURANCE CORPORATION OF INDIA	550.00
6	LIFE INSURANCE CORPORATION OF INDIA P&GS FUND	506.50
7	CBT EPF-11-D-DM	428.60
8	COAL MINES PROVIDENT FUND ORGANISATION	327.00
9	CBT EPF-05-D-DM	315.40
10	STATE BANK OF INDIA	300.00
	TOTAL	6163.90

iv. **Amount of Corporate Guarantee issued by the Issuer**

The Issuer has not issued any corporate guarantee in favour of any counterparty including its joint venture entities, group companies, etc.

v. **CERTIFICATE OF DEPOSITS ISSUED BY THE ISSUER AS AT DECEMBER 31, 2014**

S.No.	CD Maturity Profile	Amount (*Rs. in Crore*)
1	DUE IN THE MONTH OF JANUARY 15	12828.00
2	DUE IN THE MONTH OF FEBRUARY 15	8423.00
3	DUE IN THE MONTH OF MARCH 15	12390.00
4	DUE IN THE MONTH OF APRIL 15	430.00
5	DUE IN THE MONTH OF MAY 15	685.00
6	DUE IN THE MONTH OF JUNE 15	2500.00
	GRAND TOTAL	37256.00

vi. **Details of other borrowings**

S.No.	Issued on	Type	Amount	Tenor	Coupon	Rating	Secured/ Unsecured	Security
1	November 27, 2006	Tier II Capital Bonds	USD 250 Million	15 years with call option after 10 years	6.3650	BBB-/Baa3	Unsecured	Nil
2	March 9, 2011	Senior Unsecured Bonds	USD 350 Million	5.5 years	5.2150	BBB-/Baa3	Unsecured	Nil
3	October 18, 2013	Senior Unsecured Bonds	USD 500 Million	5 years	5.25	BBB-/Baa2	Unsecured	Nil

vii. **Details of all defaults/ delays in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Issuer, in the past five years**

(a) The main constituents of the Issuer's borrowings are generally in the form of deposits, loans from Reserve Bank of India, other banks and institutions, bonds, certificate of deposits etc.

(b) The Issuer has been servicing all its principal and interest liabilities on time and there has been no instance of delay or default since inception.

(c) The Issuer has neither defaulted in repayment/ redemption of any of its borrowings nor affected any kind of roll over against any of its borrowings in the past.

(d) The Issuer has not defaulted in any of its payment obligations arising out of any corporate guarantee issued by it to any counterparty including its joint entities, group companies etc in the past.

viii. Details of outstanding borrowings/ debt securities issued for consideration other than cash whether in whole or part, at a premium or discount, or in pursuance of an option

The Issuer confirms that other than and to the extent mentioned elsewhere in this Disclosure Document, it has not issued any debt securities or agreed to issue any debt securities or availed any borrowings for a consideration other than cash, whether in whole or in part, at a premium or discount or in pursuance of an option since inception.

H. Details of Promoters of the Bank

i. Details of promoter holding as on December 31, 2014

S.No.	Name of Shareholders	Total number of equity shares	Number of shares held in demat form	Total shareholding as a % of total No of equity share	Number of equity shares pledged	Percentage of equity shares pledged with respect to shares owned
1.	President of India	318,258,837	318,258,837	69.00	Nil	Not applicable

I. Abridged version of the Audited Standalone & Consolidated (wherever applicable) Financial Information of the Issuer for the last three years and auditors qualification

i. Standalone Statement of Profit & Loss

(Rs. in Crore)

S. No	Parameters	FY 2013-14	FY 2012-13	FY 2011-12
I	**Income**			
a.	Interest Earned	39547.61	34077.93	30850.62
b.	Other Income	3932.76	3153.01	2927.60
	Total Income	43480.37	37230.94	33778.22
II	**EXPENDITURE**			
a.	Interest Expended	30603.16	26198.94	23161.31
b.	Operating Expenses	6081.01	5141.99	4673.74
c.	Provisions and Contingencies	4358.00	3017.91	2660.46
	Total Expenditure	41042.17	34358.84	30495.51
III	PROFIT FOR THE YEAR	2438.19	2872.10	3282.71
	Profit brought forward	0.00	0.00	0.00
IV	**APPROPRIATIONS**			
	Transfer to Statutory Reserves	650.00	720.00	825.00
	Transfer to Revenue & Other Reserves	1107.08	530.03	1185.26
	Transfer to Investment Reserve Account	0.00	205.00	0.00
	Transfer from/to Special Reserves-Currency Swap	0.00	0.00	0.00
	Transfer to Special reserve U/s 31(1) (viii) of Income tax Act,1961	0.00	700.00	700.00
	Transfer to Capital Reserve	87.50	43.07	5.15
	Proposed Dividend	507.38	576.00	487.30
	Tax on Dividend	86.23	98.00	80.00
	Balance Carried over to Balance Sheet	0.00	0.00	0.00
	TOTAL	2438.19	2872.10	3282.71
	Earnings per Share (Basic & Diluted) (in Rs.)	54.48	64.83	74.10

ii. Consolidated Statement of Profit & Loss

(Rs. in Crore)

S. No	Parameters	FY 2013-14	FY 2012-13	FY 2011-12
I	Income			
a.	Interest Earned	39570.16	34069.87	30815.64
b.	Other Income	4143.68	3307.65	3104.51
	Total Income	43713.84	37377.52	33920.15
II	EXPENDITURE			
a.	Interest Expended	30605.54	26197.75	23159.47
b.	Operating Expenses	6116.25	5180.35	4818.88
c.	Provisions and Contingencies	4402.53	3047.59	2694.53
	Total Expenditure	41124.32	34425.69	30672.88
	Share of Earnings/(Loss) in Associates	82.74	42.94	58.85
	Consolidated Net Profit/(Loss) for the Year before deducting	2672.26	2994.77	3306.12
	Minorities Interest			
	Less: Minorities Interest	42.09	25.06	-35.57
III	PROFIT FOR THE YEAR attributable to the Group	2630.17	2969.71	3341.69
	Profit brought forward	0.00	0.00	0.00
	TOTAL			
IV	APPROPRIATIONS			
	Transfer to Statutory Reserves	652.20	723.33	827.45
	Transfer to Revenue & Other Reserves	1295.04	622.16	1239.76
	Transfer to Investment Reserve Account	0.00	205.00	0.00
	Transfer from/to Special Reserves-Currency Swap	0.00	0.00	0.00
	Transfer to Special reserve U/s 31(1) (viii) of Income tax Act,1961	0.00	700.00	700.00
	Transfer to Capital Reserve	87.50	43.40	5.84
	Proposed Dividend	507.38	576.00	487.30
	Tax on Dividend	88.04	99.82	81.34
	Balance Carried over to Balance Sheet	0.00	0.00	0.00
	TOTAL	2630.17	2969.71	3341.69
	Earnings Per Share (Basic & Diluted) (in Rs.)	58.77	67.04	75.43

iii. Standalone Balance Sheet

(Rs. in Crore)

S. no	Parameters	As on 31/03/2014	As on 31/03/2013	As on 31/03/2012
I	**CAPITAL & LIABILITIES**			
a.	Capital	461.26	443.00	443.00
b.	Reserves & Surplus	29158.85	24434.79	22246.95
c.	Deposits	420722.82	355855.99	327053.73
d.	Borrowings	27230.64	20283.37	15525.39
e.	Other Liabilities and Provisions	14348.28	11325.46	8891.12
	Total	491921.85	412342.61	374160.19
II	**ASSETS**			
a.	Cash & Balances with Reserve Bank of India	22153.78	15405.93	17795.14
b.	Balances with Banks and Money at Call & Short Notice	22674.93	19308.77	10384.26
c.	Investments	126828.26	121132.83	102057.43
d.	Advances	301067.48	242176.63	232489.82
e.	Fixed Assets	6641.56	2862.72	2857.53
f.	Other Assets	12555.85	11455.73	8576.01
	Total	491921.85	412342.61	374160.19

iv. Consolidated Balance Sheet

(Rs. in Crore)

S. No	Parameters	As on March 31, 2014	As on March 31, 2013	As on March 31, 2012
I	**CAPITAL & LIABILITIES**			
a.	Capital	461.26	443.00	443.00
b.	Reserves & Surplus	29715.00	24733.43	22600.40
c.	Minority Interest	313.55	232.16	161.48
d.	Deposits	420603.68	355684.64	326894.04
e.	Borrowings	27309.73	20355.09	15614.42
f.	Other Liabilities and Provisions	22686.37	17875.95	13369.97
	Total	501089.59	419324.27	379083.31
II	**ASSETS**			
a.	Cash & Balances with R B of India	22161.03	15414.99	17813.02
b.	Balances with Banks and Money at Call & Short Notice	22710.55	19364.22	10433.72
c.	Investments	135445.35	127533.53	106496.62
d.	Advances	301326.02	242435.76	232728.74
e.	Fixed Assets	6661.98	2884.00	2887.97
f.	Other Assets	12784.66	11691.77	8723.24
	Total	501089.59	419324.27	379083.31

v. Standalone Cash Flow Statement

(Rs. in Crore)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
A. Cash Flow from Operating Activities:			
Net Profit after Taxes	2438.19	2872.10	3282.71
Adjustments for:			
Provision for income tax	625.00	800.00	800.00
Depreciation on Fixed Assets	228.47	189.69	156.89
Profit/ (Loss) on sale of Fixed Asset	-1.10	-0.92	-1.00
Provision for Other Items	433.46	130.07	12.5
Interest on Tier 1 and Tier 2 Bonds	820.34	730.56	737.64
Provision for NPA	2128.72	2222.45	1531.06
Loss on revaluation of Investments	160.75	15.06	22.15
Provision for Standard Assets	478.41	255.61	171.06
Income from Investment in Subsidiaries	-70.25	-56.57	-111.68
Income from Investment (Appreciation)/Depreciation	692.42	-390.23	145.83
Sub total	5496.22	3895.73	3464.45
Adjustments for:			
Increase / (Decrease) in Deposits	64866.83	28802.26	33617.09
Increase / (Decrease) in Borrowings	4522.72	5097.98	1513.75
Increase / (Decrease)in Other Liabilities and Provisions	1078.23	1141.96	-299.19
(Increase) / Decrease in Investments	-6518.92	-18608.57	-18631.18
(Increase) / Decrease in Advances	-60897.19	-11887.62	-22691.86
(Increase) / Decrease in Other Assets	-250.88	-1779.73	312.02
Direct Taxes (Paid) / Refund	-1200.00	-1100.00	-1400.00
Sub total	1600.79	1666.28	-7579.37
Net Cash Flow from Operating Activities (A)	9535.20	8434.11	-832.21
B. Cash Flow from Investing Activities :			
Net Inflow / Outflow from Sale /Purchase of Fixed Assets	-541.20	-225.86	-202.24
Investment in Subsidiaries/ Joint Ventures/	-29.68	-91.67	-51.00
Income from Investment in Subsidiaries	70.25	56.57	111.68

Particulars	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
Net Cash Flow from Investing Activities (B)	-500.63	-260.96	-141.56
C. Cash Flow from Financing Activities:			
Payment on redemption of Bonds / Sub. Debts			-250.00
Dividend (Interim & Final) Paid	-1024.77	-567.30	-567.30
Interest Paid on IPDI, Sub. &, Upper Tier II Bonds	-820.34	-730.57	-737.64
Increase in paid up capital	18.26		
Share Premium recd. on new issue of share capital	481.74		
Proceeds from Issue of upper tier 2 bonds	2424.55	-340.00	
Proceeds from Issue of Perpetual Bonds			
Net Cash Flow from Financing Activities (C)	1079.44	-1637.86	-1554.94
Net Increase in Cash & Cash Equivalents (A)+(B)+(C)	10114.01	6535.29	-2528.71
Cash /Equivalents as at the beginning of the year	34714.70	28179.41	30708.12
Cash / Equivalents as at the end of the year	44828.71	34714.70	28179.41

vi. Consolidated Cash Flow Statement

(Rs. in Crore)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
A. Cash Flow from Operating Activities:			
Net Profit after Taxes	2630.17	2969.71	3341.7
Adjustments for:			
Provision for income tax	652.49	819.56	818.94
Depreciation on Fixed Assets	229.89	191.44	159.16
Profit/ (Loss) on sale of Fixed Asset	-2.33	-4.92	-0.95
Provision for Other Items	428.10	472.63	241.46
Interest on Tier 1 and Tier 2 Bonds	820.34	730.56	737.64
Provision for NPA	2152.72	1871.12	1309.04
Loss on on revaluation of Investments	160.75	15.06	22.15
Provision for Standard Assets	478.64	255.61	171.22
Profit on sale of Investment	-672.11	-681.88	-323.71
Provision for (Appreciation)/Depreciation on Investment	692.42	-576.32	60.5
Sub total	4940.91	3092.86	3195.45
Adjustments for:			
Increase/ (Decrease) in Deposits	64919.04	28790.59	33636.14
Increase/ (Decrease) in Borrowings	9379.19	4484.25	1569.42
Increase/ (Decrease)in Other Liabilities and Provisions	-352.45	1351.23	1895.68
(Increase)/ Decrease in Investments	-7370.78	-20073.42	-19805.41
(Increase)/ Decrease in Advances	-58890.26	-9707.02	-22589.27
(Increase)/ Decrease in Other Assets	136.13	-1844.84	-396.34
Increase/ (Decrease) Minority Interest	81.40	70.68	12.32
Direct Taxes (Paid)/ Refund	-1229.02	-1123.69	-1584.18
Sub total	6673.25	1947.78	-7261.64
Net Cash Flow from Operating Activities (A)	14244.33	8010.35	-724.49
B. Cash Flow from Investing Activities :			
Net Inflow/ Outflow from Sale /Purchase of Fixed Assets	-540.53	-214.45	-195.96
Investment in Subsidiaries/ Joint Ventures/	-29.68	-91.67	-44.12
(Increase) /Decrease in other reserves	74.22	-149.74	-68.29

Particulars	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012
Net Cash Flow from Investing Activities (B)	-495.99	-455.86	-308.37
C. Cash Flow from Financing Activities:			
Share Capital	18.26	0	
Share Premium	481.74	0	
Increase/ (Decrease) of Bonds including subordinated Debts	-2424.55	256.41	-250
Dividend (Interim & Final) Paid	-1026.59	-568.64	-568.55
Interest Paid on IPDI, Subordinated Bonds, Upper Tier 2 Bonds	-820.34	-730.56	-737.64
Net Cash Flow from Financing Activities (C)	-3771.48	-1042.79	-1556.19
Cash flow on account of exchange fluctuation (D)			
Cash generated on account of exchange fluctuation	115.51	20.77	64.14
Net Increase in Cash & Cash Equivalents (A)+(B)+(C)+(D)	10092.37	6532.47	-2524.91
Cash and Cash Equivalents as at the beginning of the year	34779.21	28246.74	30771.65
Cash and Cash Equivalents as at the end of the year	44871.58	34779.21	28246.74

vii. Auditors' Qualifications

Financial Year	Auditors' Qualifications
2013-14	Nil
2012-13	Nil
2011-12	Nil

J. Limited Review Quarterly Standalone Financial Information of the Issuer as of September 30, 2014

(Rs. in Crore)

Sr. No.	Particulars	Quarter ended September 30, 2014 (Reviewed)	Quarter ended September 30, 2013 (Reviewed)	Year ended September 30, 2014 (Audited)
1.	Interest Earned (a+b+c+d)	10893.87	9654.48	39547.61
a)	Interest/ discount on advances/ bills	8004.71	6964.34	28457.32
b)	Income from Investments	2681.14	2596.98	10251.08
c)	Interest on balances with Reserve Bank of India and	208.02	93.04	730.82
	other Inter Bank Funds			
d)	Others	0.00	0.12	108.39
2.	Other Income	1021.34	773.00	3932.76
3.	Total Income (1+2)	11915.21	10427.48	43480.37
4.	Interest Expended	8526.08	7463.32	30603.17
5.	Operating Expenses (i)+(ii)+(iii)	1763.59	1539.19	6081.01
(i)	Employees Cost	1035.79	932.62	3672.38
(ii)	Rent, Taxes and Lighting	171.54	158.40	546.81
(iii)	Other Operating Expenses	556.26	448.17	1861.82
6.	Total Expenditure (4)+(5) (excluding Provisions and Contingencies)	10289.67	9002.51	36684.18
7.	Operating Profit before provisions & contingencies (3-6)	1625.54	1424.97	6796.19

Sr. No.	Particulars	Quarter ended September 30, 2014 (Reviewed)	Quarter ended September 30, 2013 (Reviewed)	Year ended September 30, 2014 (Audited)
8.	Provisions (other than tax) and Contingencies	813.70	674.03	3733.00
9.	Exceptional Items	0.00	0.00	0.00
10.	Profit (+)/ Loss (-) from Ordinary Activities before Tax (7-8-9)	811.84	750.94	3063.19
11.	Tax Expense- Current Year	185.00	125.00	625.00
12.	Profit (+)/ Loss (-) from Ordinary Activities after Tax (10-11)	626.84	625.94	2438.19
13.	Extraordinary Items (net of tax expense)	0.00	0.00	0.00
14.	Net Profit (+)/ Loss (-) for the period (12-13)	626.84	625.94	2438.19
15.	Paid-up Equity Share Capital (Face Value of each			
	share- Rs. 10/-)	461.26	443.00	461.26
16.	Reserves excluding revaluation reserves (as per			
	balance sheet of previous accounting year)	23660.60	22401.55	23660.60

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

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

L. Name of the Bond Trustee

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

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

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

N. Guarantee or letter of comfort or any other document/ letter with similar intent backing the security

Not applicable.

O. Copy of consent letter from the Debenture Trustee

Please refer to Annexure IV of the Disclosure Document.

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

NSE

Q. Other Details

i. DRR Creation

The Ministry of Corporate Affairs, GOI has vide circular no. 11/02/2012-CL-V(A) dated February 11, 2013, clarified that no debenture redemption reserve is required for debentures issued by Banking Companies for both public as well as privately placed debentures. The Bank has appointed a trustee to protect the interest of the Bondholders.

ii. Issue/ instrument specific regulation

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

iii. Application process

Investors are advised to comply with the following General Instructions:

1. **Instructions for filling in Application Forms**

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

2. **Applications under Power of Attorney or by Authorized Representatives**

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

3. **PAN of the Applicant**

All the applicants should mention their PAN allotted under the IT Act. In case PAN has not been allotted, or the Applicant is not assessed to income tax, the appropriate information should be mentioned in the space provided. Application Forms without this information will be considered incomplete and are liable to be rejected.

4. **Bank Account Details and RTGS/ NEFT particulars**

The applicant must fill in the relevant column in the application form giving particulars of its Bank Account number and name of the bank with whom such account is held, to enable the Registrars to the Issue to print the said details in the redemption/ interest warrant. This is in the interest of the applicant for avoiding misuse of the redemption/ interest warrant. Furnishing this information is mandatory and applications not containing such details are liable to be rejected. The applicants should also fill in RTGS/ NEFT particulars of their bank accounts to enable the Bank to remit redemption/ interest payments by RTGS/ NEFT. The Bank may also download the bank particulars in respect of beneficial ownership position as available with the depositories on the Record Date for this purpose.

5. **Eligible Investors**

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

(a) Mutual funds;
(b) Public financial institutions as defined under the Companies Act;
(c) Scheduled commercial banks;
(d) Insurance companies;
(e) Provident funds, gratuity funds, superannuation funds and pension funds;
(f) Co-operative banks;
(g) Regional rural banks authorized to invest in bonds/ debentures;
(h) Companies and bodies corporate authorized to invest in bonds/ debentures;
(i) Trusts authorized to invest in bonds/ debentures; and
(j) Statutory corporations/ undertakings established by central/ state legislature authorized to invest in bonds/ debentures, etc.

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

The Issue is restricted to the above Investors.

6. **Documents to be provided by Investors**

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

(a) Memorandum and articles of association/ constitution/ bye-laws/ trust deed; board resolution authorizing the investment and containing operating instructions; Power of Attorney/ relevant resolution/ authority to make application;
(b) Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority; government notification (in case of primary co-operative bank and RRBs);
(c) Copy of the PAN issued by the income tax department;
(d) Copy of a cancelled cheque for ECS payments;
(e) Necessary forms for claiming exemption from deduction of tax at source on interest on application money, wherever applicable;
(f) Certified true copy of the power of attorney;
(g) SEBI registration certificate (for mutual funds); and
(h) Demat details (DP ID & client ID).

7. **Terms of Payment**

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

8. **Payment Instructions**

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

Name of the Banker	Canara Bank
Account Name	Canara Bank A/c Additional Tier 1(AT1) 2014-15
Credit into Current A/c No.	2422201000573
IFSC Code	CNRB0002422
Address of the Branch	Canara Bank, Capital Market Service Branch, 407, 4th floor, Himalaya House, Ambedkar Marg,Mumbai 400 001
Narration	Application Money for the Bond Issue

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

9. **Submission of Completed Application Forms**

Applications duly completed accompanied by credit of application money (**by RTGS**) should be sent to Treasury and Investment Division, Mumbai on the same day.

10. **Acknowledgements**

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

11. **Basis of Allocation/ Allotment**

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

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

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

13. **Issue of Bond Certificate(s)**

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

14. **Depository Arrangements**

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

(a) tripartite Agreement between the Bank, NSDL and the Registrar for dematerialization of the Bonds offered under the present Issue; and

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

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

15. **Procedure for Applying for Demat Facility**

(a) Applicant(s) must have a Beneficiary Account with any DP of NSDL or CDSL, prior to making the applications.

(b) The applicant(s) must specify their beneficiary account number and DP ID in the relevant columns of the Application Form.

(c) For subscribing the bonds, names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.

(d) If incomplete/ incorrect beneficiary account details are given in the Application Form which does not match with the details in the depository system, it will be deemed to be an incomplete application and the same be held liable for rejection at the sole discretion of the Bank.

(e) The Bonds shall be directly credited to the beneficiary account as given in the Application Form and after due verification, allotment advice/ refund order, if any, would be sent directly to the applicant by the Registrars to the Issue but the confirmation of the credit of the Bonds to the applicant's depository account will be provided to the Applicant by the DP of the applicant.

(f) Interest or other benefits with respect to the Bonds would be paid to those bondholders whose names appear on the list of beneficial owners given by the depositories to the Bank as on the Record Date. In case, the beneficial owner is not identified by the depository on the Record Date due to any reason whatsoever, the Bank shall keep in abeyance the payment of interest or other benefits, till such time the beneficial owner is identified by the Depository and intimated to the Bank. On receiving such intimation, the Bank shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 days from the date of receiving such intimation, without liability for making payment for penal interest for the intervening period.

(g) Applicants may please note that the Bonds shall be allotted and traded on the stock exchange(s) only in dematerialized form.

16. **Fictitious Applications**

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

"Any person who:

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

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

17. **Market lot**

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

18. **Right to accept or reject applications**

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

(a) Number of bonds applied for is less than the minimum application size;
(b) Applications exceeding the issue size;

(c) Bank account details not given, particularly, account name and number from which money has been remitted to the Issuer;
(d) Details for issue of Bonds in electronic/ dematerialized form not given;
(e) PAN/GIR and IT Circle/ward/district not given; and
(f) In case of applications under power of attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted.

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

19. **Interest in case of delay**

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

R. TERMS OF ISSUE

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

September 30, 2014

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

Unsecured non convertible Basel III compliant Additional Tier 1 perpetual Bonds for inclusion in Tier 1 Capital in dematerialized form made in compliance with the applicable regulations specified by SEBI, the RBI guidelines and other applicable laws.

3. Applicable Regulation

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

4. Objects of the Issue

The proposed Issue is being made for augmenting the Additional Tier 1 capital and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long-term resources as per the requirements under the Basel III Regulations.

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

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

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

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

7. Amount intended to be raised

Rs. 1500 Crores (Rupees one thousand and five hundred Crores) through private placement.

8. Terms of raising securities

Unsecured non convertible Basel III compliant Additional Tier 1 Perpetual Bonds in dematerialized form for inclusion of Additional Tier I capital.

9. Paid in status

Fully paid-in.

10. Maturity period

The bonds are perpetual and there are no step-ups or other incentives to redeem.

11. Rate of interest

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

12. Put and Call option

Put option is not available to the bondholders. The Bank has the right to exercise a call option at its discretion after the tenth anniversary from the Deemed Date of Allotment or on a coupon date payment thereafter in accordance with the Basel III Regulations.

13. Minimum Subscription

Five bonds and in multiples of 1 Bond thereafter.

14. Underwriting

The present Issue has not been underwritten.

15. Status of Bondholders/ Seniority of Claim

The claim of the Investors in the Bonds shall be:

(a) superior to the claims of investors in equity shares and perpetual non-cumulative preference shares;

(b) subordinated to claims of depositors, general creditors and subordinated debt of the bank; and

(c) neither secured nor covered by a guarantee of the Issuer nor related entity or other arrangement that legal or economically enhances the seniority of the claim vis-à-vis creditors.

16. Loss Absorption Features

The Loss Absorption features are in accordance with Annexure 4 and Annexure 16 of the Basel III Regulations – it consists of temporary principle write down on specified trigger events ("**CET 1 Trigger**") as specified in greater detail in point 18 below and permanent principal write down on the occurrence of specified trigger events ("**PONV Trigger**"), as specified in greater detail in point 17 below.

The write down mechanism which allocates losses to these Bonds shall generate Common Equity Tier 1 under the applicable Accounting Standards. The bonds will receive recognition in AT1 capital only up to the extent of minimum level of Common Equity Tier 1 generated (i.e. net of contingent liability recognized under the India Accounting Standards, potential tax liabilities etc.) by a full write down.

17. PONV Trigger

The PONV Trigger event is the earlier of:

(a) a decision that a permanent write off is necessary without which the Bank would become non viable, as determined by the RBI; and

(b) the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non viable, as determined by the relevant authority. The write-off consequent upon the trigger event shall occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.

For this purpose, a non-viable bank will be:

(a) A bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the RBI unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a 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 with or without other measures as considered appropriate by the RBI.

(b) A 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 permanent write-off / public sector injection of funds are likely to:

(i) Restore confidence of the depositors/ investors;

(ii) Improve rating/ creditworthiness of the bank and thereby improving its borrowing capacity and liquidity and reduce cost of funds; and

(iii) Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.

18. Common Equity Tier 1 Trigger

Common Equity Tier 1 Trigger shall occur upon the following:

(a) if calculated at any time prior to March 31, 2019, at or below 5.5%; or

(b) if calculated at any time from and including March 31, 2019, at or below 6.125%.

The aggregate amount to be written down for all Additional Tier 1 instruments on breaching the trigger level must be at least the amount needed to immediately return the Bank's Common Equity Tier 1 ratio to the trigger level or, if this is not possible, the full principal value of the instruments.

Further, the Bank will have full discretion to determine the amount of Additional Tier 1 instruments to be written down subject to the amount of write down not exceeding the amount which would be required to bring the total common equity ratio to 8 % of Risk Weighted Averages (minimum Common Equity Tier 1 of 5.50 % + capital conversion buffer of 2.5 %).

19. Purchase/ funding of bonds by the Bank

Neither the Bank nor any related party over which the Bank exercises control or significant influence (as defined under relevant accounting standards) shall purchase the Bonds, nor would the Bank directly or indirectly fund the purchase of the Bonds. The Bank shall also not grant advances against the security of the Bonds issued by it.

20. Terms of payment

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

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

21. Deemed date of Allotment

All benefits under the Bonds including payment of interest will accrue to the Bondholders from and including March 5, 2015, which shall be the Deemed Date of Allotment. All benefits relating to the Bonds will be available to the applicants from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment. The Bank reserves the right to keep multiple allotment date(s)/ date(s) of allotment at its sole and absolute discretion without any notice. If the issue closing date/ pay in dates is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-pond/ postponed) by the Bank at its sole and absolute discretion.

22. Trading of Bonds

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

23. Mode of Transfer of Bonds

The Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ DP of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Bank.

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

24. Common Form of Transfer

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

25. Interest on the Bonds

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

26. Deduction of Tax at Source

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

Interest payable subsequent to the Deemed Date of Allotment of Bonds shall be treated as "Interest on Securities" as per income tax rules. Bondholders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/ document, under section 193 of the IT Act, if any, with the Registrar, or to such other person(s) at such other address(es) as the Bank may specify from time to time through suitable communication, at least 45 days before the payment becoming due. However, with effective from June 1, 2008, tax is not to be deducted at source under the provisions of section 193 of IT Act, if the following conditions are satisfied:

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

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

27. Redemption

The Bonds are perpetual hence non redeemable.

28. Settlement/ Payment on Redemption

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

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

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

29. Effect of Holidays

Should any of the dates, other than the Coupon Payment Date, including the Deemed Date of Allotment, Issuer Call Date, Tax Call Date or Regulatory Call Date as defined in this Disclosure Document, fall on day which is not a business day, the immediately preceding business day shall be considered as the effective date. Should the Coupon Payment Date, as defined in this Disclosure Document, fall on day which is not a business day, the immediately next business day shall be considered as the effective date.

30. List of Beneficial Owners

The Bank shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of interest or repayment of principal amount on maturity, as the case may be.

31. Succession

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

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

(a) Documentary evidence to be submitted to the legacy cell of the RBI to the effect that the Bond was acquired by the NRI as part of the legacy left by the deceased holder.

(b) Proof that the NRI is an Indian national or is of Indian origin.

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

32. Who Can Apply

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

(a) Mutual Funds;

(b) Public Financial Institutions as defined under Section 4A of the Companies Act.

(c) Scheduled Commercial Banks;

(d) Insurance Companies;

(e) Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds;

(f) Co-operative Banks;

(g) Regional Rural Banks authorized to invest in bonds/ debentures;

(h) Companies and Bodies Corporate authorized to invest in bonds/ debentures;

(i) Trusts authorized to invest in bonds/ debentures; and

(j) Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures, etc.

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

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

33. How to apply

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

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

The remittance of application money should be made by electronic transfer of funds through

RTGS mechanism for credits as per details given hereunder:

Name of the Banker	Canara Bank
Account Name	Canara Bank A/c Additional Tier 1 (AT1) 2014-15
Credit into Current A/c No.	2422201000573
IFSC Code	CNRB0002422
Address of the Branch	Canara Bank, Capital Market Service Branch, 407, 4th floor, Himalaya House, Ambedkar Marg,Mumbai 400 001
Narration	Application Money for the Bond Issue

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

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

The applicant or in the case of an application in joint names, each of the applicant, should mention his/her PAN allotted under the I.T. Act or where the same has not been allotted, the GIR No. and the Income tax Circle/Ward/District. As per the provision of section 139A (5A) of the I.T. Act, PAN/ GIR needs to be mentioned on the TDS certificates. Hence, the applicant should mention his PAN/ GIR. 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.

34. 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.

35. Application by Mutual Funds

In case of applications by MF, a separate application must be made in respect of each scheme of an Indian MF 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. 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.

37. 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.

38. 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, as amended, the terms of this Bond Issue and the other terms and conditions as may be incorporated in the Bond Trusteeship Agreement and other documents that may be executed in respect of these Bonds.

39. 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.

40. 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.

41. 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.

42. 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.

43. 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.

44. 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.

45. Credit Rating for the Bonds

ICRA Limited (ICRA) has vide their letter no. ICRA:BLR:2014-15/RT/BASEL/674 dated December 31, 2014 read with February 3, 2015, has assigned a credit rating of **"[ICRA] AA(hyb) with Stable Outlook"** for the present issue of Bonds aggregating upto Rs. 1,500 Crore. Instruments with this rating are considered to have the high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. A copy of rating letter and rating rationale from ICRA Limited is enclosed elsewhere in this Disclosure Document.

IRR Private Limited have vide their letter ind-Ra/Canara Bank/AT1/jan2015 dated January 30, 2015, has assigned credit rating of 'IND AA'.

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.

46. Trustees for the Bondholders

In accordance with the provisions of SEBI Debt Regulations and (iv) the Debenture Trustee Regulations, the Bank has appointed SBICAP Trustee Company Limited to act as trustees for and on behalf of the Bondholders. The address and contact details of the Trustees are as under:

SBICAP Trustee Company Limited,
Corporate Office,
Apeejay House,
6th Floor, 3, Dinshaw Waccha Road,
Church Gate, Mumbai -400 020

The Bank hereby undertakes that a Bond 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 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); SEBI Debt Regulations 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 Debenture Trustees Regulations, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.

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 QIBs and other existing Bondholder(s) within two working days of their specific request.

47. Stock Exchange Where Bonds Are Proposed to be Listed

The Bonds are proposed to be listed on the WDM segment of 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/12918 dated February 2, 2015.

In pursuance of SEBI Debt Regulations, the Bank shall make a listing application to NSE within 15 days from the Deemed Date of Allotment and seek listing permission within 20 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 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; and

(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.

48. 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 Registrar and agreement entered into between the Bank and the Registrar.

b. Letter appointing Trustees to the Bondholders.

B. Documents

a. The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended from time to time.

b. Board resolution dated September 30, 2014, 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 IRR conveying the credit rating for the Bonds.

h. Tripartite Agreement between the Bank, NSDL and Registrars for issue of Bonds in dematerialised form.

i. Tripartite Agreement between the Bank, CDSL and Registrars for issue of Bonds in dematerialised form.

C. Disclosure of cash flows: ***As per SEBI Circular No: CIR/IMD/DF/18/2013 dated***

October 29, 2013

Company	Canara Bank (the "Issuer"/ the "Bank")
Tenure	Perpetual
Face Value (per security)	Rs. 10,00,000/- per bond (Rs. Ten Lakh only)
Deemed Date of Allotment	March 5, 2015
First Call date	On the 10^{th} anniversary from the Deemed Date of Allotment i.e. the 10th Coupon Payment Date or on any Coupon Payment Date thereafter.
Subsequent Call date	On every anniversary of Coupon Payment Date
Redemption	Perpetual
Coupon Rate	9.55 % p.a
Frequency of the interest payment with specified dates	First coupon payment shall be made on March 5, 2016 (comprising of interest/ coupon from and including the deemed date of allotment upto but excluding the first coupon payment date) and subsequent coupon payments shall be made on March 5 each year, upto Call option due date i.e. March 5, 2025 (it has been assumed that the bank shall exercise call option at the end of 10^{th} year from the deemed date of allotment)
Day count Convention	Actual/Actual

Illustrative Cash flow assuming call is exercised at the end of 10h year:

Coupon	9.55% p.a.
Face Value	Rs. 10,00,000
Allotment date (Deemed)	March 5, 2015

Cash flows on face value of Rs. 10,00,000/- per Bond	**Date**	**No of days in Coupon Period**	**Amount (in Rs.)**
1^{st} Coupon	Saturday, March 05, 2016	366	95,500.00
2^{nd} Coupon	Monday, March 06, 2017	366	95,761.64
3^{rd} Coupon	Monday, March 05, 2018	364	95,238.36
4^{th} Coupon	Tuesday, March 05, 2019	365	95,500.00
5^{th} Coupon	Thursday, March 05, 2020	366	95,500.00
6^{th} Coupon	Friday, March 05, 2021	365	95,500.00
7^{th} Coupon	Saturday, March 05, 2022	365	95,500.00
8^{th} Coupon	Monday, March 06, 2023	366	95,761.64
9^{th} Coupon	Tuesday, March 05, 2024	365	95,239.07
10^{th} Coupon	Wednesday, March 05, 2025	365	95,500.00
Redemption of principal on account of exercise of call option	Wednesday, March 05, 2025	Not applicable	10,00,000.00

Notes:

**Further, the bonds are perpetual in nature and do not carry redemption date. Coupon upto 10 years has been mentioned for illustrative purpose only. The coupon payment is subject to loss absorption and coupon discretion.*

** In case of interest payment falling in Leap year, the interest payment(s) will be calculated taking number of days as 366 days. (Actual/ Actual - as per SEBI Circular no CIR/IMD/DF/18/2013 dated 29th Oct 2013).*

** If the date of payment of interest happens to be holiday, the Interest payment will be made on the next working day with Interest for the intervening period.*

** If the Principal Repayment in the event of Call Option being exercised and interest payment date falls together on a holiday, Principal Repayment and accrued interest payment will be made on the previous working day.*

** The interest payment and Principal Repayment in the event of Call Option being exercised, the respective payments will be made on the best available information on holidays and could further undergo change(s) in case of any scheduled and unscheduled holiday(s) and/or changes in money market settlement day conventions by the Reserve bank of India/ SEBI.*

** Interest payments will be rounded-off to nearest rupee as per the FIMMDA 'Handbook on market practices'.*

*******In case the Deemed Date of Allotment is revised (preponed/ postponed) then the Interest Payment Dates may also be revised preponed/ postponed) accordingly by the Bank at its sole & absolute discretion.*

** Payment of interest and Principal Repayment in the event of Call Option being exercised shall be made by way of cheque(s)/demand draft(s)/RTGS/NEFT mechanism.*

III. SUMMARY TERM SHEET FOR THE ISSUE

1.	Security Name	9.55%-CANARA BANK – Additional Tier- I Bond 2014-15.
2.	Issuer	Canara Bank ("**CB**"/ the "**Bank**"/ the "**Issuer**").
3.	Issue Size	Rs. 1,500 Crore.
4.	Objects of the Issue / Details of Utilization of Proceeds	Augmenting Additional Tier I Capital and over all capital of the Bank for strengthening its capital adequacy and for enhancing its long-term resources as per BASEL III requirements. The funds being raised by the Bank through the present Issue are not meant for financing any particular project. The Bank shall utilize the proceeds of the Issue for its regular business activities. The Bank undertakes that 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.
5.	Type of Instrument	Unsecured, Fully Paid-up, Non-Convertible, Perpetual, Additional Tier 1 Basel-III Compliant Bonds in the nature of Debentures.
6.	Nature of Instrument	Unsecured Additional Tier I Bonds.
7.	Status of Bonds / Seniority of Claims	Claims of the investors in this instrument shall be: 1. Superior to the claims of investors in equity shares and perpetual non-cumulative preference shares; 2. Subordinate to the claims of depositors, general creditors & subordinated debt of the bank; 3. Is neither secured nor covered by a guarantee of the Issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.
8.	Listing (including name of stock Exchange(s) where it will be listed and timeline for listing)	Proposed on the Wholesale Debt Market ("**WDM**") segment of the National Stock Exchange of India Limited ("**NSE**").
9.	Tenor	Perpetual
10.	Redemption Date	Not Applicable as the bonds are perpetual in nature.
11.	Redemption Amount	Not Applicable
12.	Redemption Premium / Discount	Nil
13.	Convertibility	Non-Convertible

14.	Face Value	Rs. 10,00,000/- (Rupees Ten Lakh) per Bond
15.	Credit Rating	1. [ICRA] AA(hyb) by ICRA Ltd 2. 'IND AA' by India Ratings & Research Private Limited.
16.	Mode of Issue	Private Placement
17.	Security	Unsecured
18.	Coupon Rate	9.55% per annum
19.	Coupon Reset	Not Applicable
20.	Step Up / Step Down Coupon Rate	None
21.	Coupon Type	Fixed
22.	Coupon Payment Frequency	Annual, subject to Conditions (27) (Coupon Discretion) and Condition (45) (Loss Absorption).
23.	Coupon Payment Dates	On the Anniversary of Deemed Date of Allotment
24.	Interest on Application Money	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 Bank's Account upto one day prior to the Deemed Date of Allotment. 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. Tax Deducted at Source ("**TDS**") will be deducted at the applicable rate on interest on Application Money.
25.	Record Date	Reference date for payment of coupon / repayment 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 / principal is due and payable. 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.
26.	Computation of Interest	Actual/ Actual
27.	Coupon Discretion	• The Bank has Full Discretion at all times to cancel coupon distributions / payments. On cancellation of distributions / payments, these payments will be extinguished and Bank shall have no obligation to make distributions / payments

		in kind as well. • Cancellation of discretionary payments shall not be an Event of Default. • Bank shall have full access to cancelled payments to meet obligations as they fall due. • Cancellation of distributions / payments will not impose restrictions on the Bank except in relation to distributions to common shareholders. • Coupons shall be paid out of distributable items. In this context, coupon may be paid out of current year profits. However, if current year profits are not sufficient i.e. payment of coupon is likely to result in losses during the current year, the balance amount of coupon may be paid out of revenue reserves (i.e. revenue reserves which are not created for specific purposes by a bank) and / or credit balance in profit and loss account, if any. However, payment of coupons on Perpetual Debt Instruments (PDIs) from the revenue reserves is subject to the issuing bank meeting minimum regulatory requirements of CET1, Tier 1 and Total Capital ratios at all times and subject to the requirements of capital buffer frameworks (i.e. capital conservation buffer, countercyclical capital buffer and Domestic Systemically Important Banks) set out in Basel III Guidelines. • The interest shall not be cumulative. This means that interest missed in a year will not be paid in future years, even if adequate profit is available and the level of CRAR conforms to the regulatory minimum. If coupon is paid at a rate lesser than the prescribed rate, the unpaid amount will not be paid in future years, even if adequate profit is available and the level of CRAR conforms to the regulatory minimum. Non payment of coupon will not constitute an Event of Default in respect of the Bonds.
28.	Dividend Stopper	Dividend Stopper Clause will not be applicable to these instruments. In the event the holders of AT1 Instruments are not paid dividend / coupon, they shall not impede the full discretion that Bank has at all times to cancel distributions / payments on these instruments, nor will they impede / hinder : 1) the re-capitalization of the Bank; 2) the bank's right to make payments on other instruments where the payments on this other instrument were not also fully discretionary; 3) the Bank's right to make distributions to shareholders for a period that extends beyond the point in time that coupon / dividends on these instruments are resumed; 4) the normal operations of the bank or any restructuring

			activities (including acquisitions / disposals).
29.	Put Option		Not Applicable
30.	Put Notification Time		Not Applicable
31.	Call Option	i) Issuer Call	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 (the "**Issuer Call Date**"), may exercise a call on the outstanding Bonds. The Issuer Call, which is discretionary, may or may not be exercised on the tenth anniversary from the Deemed Date of Allotment i.e. the tenth Coupon Payment Date or on any Coupon Payment Date thereafter. Prior approval of Reserve Bank of India will be required. The instrument should be replaced with capital of the same or better quality and the replacement of this capital is 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 instrument is called. OR I. The Issuer demonstrates that its capital position is well above the minimum capital requirements after the call option is exercised. II. Here, minimum refers to Common Equity Tier 1 of 8% of RWAs (including capital conservation buffer of 2.5% of RWAs) and Total Capital of 11.5% of RWAs including any additional capital requirement identified under Pillar 2.
		ii) Tax Call or Variation	If a Tax Event (as described below) has occurred and continuing, then the Issuer may subject to the conditions for call and repurchase having been satisfied and having notified the Trustee not less than 21 calendar days prior to the date of exercise of such Tax Call or Variation (which notice shall specify the date fixed for exercise of the Tax Call or Variation "**Tax Call Date**"), may exercise a call on the Bonds or substitute the Bonds or vary the terms of the Bonds so that the Bonds have better classification. 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 coupon on the Bonds. The exercise of Tax Call by the Issuer is subject to requirements set out in the Applicable RBI Guidelines (as defined below). 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 or Variation	If a Regulatory Event (as described below) has occurred and continuing, then the Issuer may subject to the conditions for call and repurchase having been satisfied and having notified the Trustee not less than 21 calendar days prior to the date of exercise of such Regulatory Call or Variation (which notice shall specify the date fixed for exercise of the Regulatory Call or Variation (the "**Regulatory Call Date**"), may exercise a call on the Bonds or substitute the Bonds or vary the terms of the Bonds so that the Bonds have better classification. A Regulatory Event is deemed to have occurred if there is a downgrade of the Bonds in regulatory classification i.e. Bonds is excluded from the consolidated Tier I Capital of the Issuer. The exercise of Regulatory Call by the Issuer is subject to requirements set out in the Applicable RBI 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.
32.	Call Option Price		Rs. 10,00,000/- (Rupees Ten Lakhs) per bond
33.	Call Notification Time		14 calendar days prior to the date of exercise of call
34.	Repurchase / Redemption / Buy-Back		a. Principal of the instruments may be repaid (e.g. through repurchase or redemption) only with prior approval of Reserve Bank of India. b. Banks may repurchase /buy-back /redeem only when: 1) They replace the such instrument with capital of the same or better quality and the replacement of this capital is done at conditions which are suitable for the income capacity of the Bank; or 2) The bank demonstrates that its capital position is well above the minimum capital requirements after the repurchase / buy-back /redemption.
35.	Depository		National Securities Depository Ltd ("**NSDL**") & Central Depository Services (India) Ltd ("**CDSL**")
36.	Cross Default		Not Applicable
37.	Issuance Mode		Only in dematerialized form
38.	Trading Mode		Only in dematerialized form
39.	Issue Schedule : 1. Opening Date 2. Closing Date		 February 16, 2015 March 5, 2015
40.	Pay-In-Date		February 16, 2015 to March 5, 2015

41.	Deemed Date of Allotment		March 5, 2015
42.	Minimum Application		Five Bonds and in multiples of 1 Bond thereafter
43.	Settlement		Payment of interest and repayment of principal shall be made by way of credit through direct credit/ NECS/ RTGS/ NEFT mechanism.
44.	Temporary principal write-down		Where a temporary write-down of the Bonds pursuant to Condition 45(ii) (Temporary principal write-down on CET1 Trigger Event) has occurred, the holders of these instruments will have no claim on the proceeds of liquidation. For the avoidance of doubt: (i) If the issuer goes into liquidation before any written-down under Condition 45 (Loss Absorption) the Bonds will absorb losses in accordance with Condition (7) (Seniority); (ii) If the Issuer goes into liquidation when the Bonds have been written-down temporarily in accordance with Condition 45(ii) (Temporary principal write-down on CET1 Trigger Event) but yet to be written-up, the holders of these instruments will have no claim on the proceeds of liquidation in accordance with this Condition 44 (Temporary principal write-down).
45.	Loss Absorption	i) Permanent principal write-down on PONV Trigger Event	If a PONV Trigger Event (as described below) occurs, the Bank shall: 1. notify the Trustee; 2. cancel any coupon which is accrued and unpaid on the Bonds as on the write-down date and 3. 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 thirty days of the PONV Write-Down Amount being determined and agreed with the RBI. 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, the PONV Write-Down Amount will not be restored in any circumstances, including where the PONV Trigger Event has ceased to continue. If the Bank is amalgamated with any other bank pursuant to Section 44 A of the Banking Regulation Act, 1949 (the BR Act) before the Bonds have been written down, the Bonds will become part of the Additional Tier 1 capital of the new bank emerging after the merger. If the Bank is amalgamated with any other bank after the Bonds have been written down pursuant to a PONV Trigger Event, these cannot be reinstated by the amalgamated bank. If the RBI or other relevant authority decides to reconstitute the Bank or amalgamate the Bank with

			any other bank, pursuant to Section 45 of the BR Act, the Bank will be deemed as non-viable or approaching non-viability and the PONV Trigger Event will be activated. Accordingly, the Bonds will be permanently written-down in full prior to any reconstitution or amalgamation. PONV Trigger Event, in respect of the Bank, means the earlier of: a. a decision that a write-down, without which the bank would become non-viable, is necessary, as determined by the Reserve Bank of India; and b. the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the relevant authority. However, any capital infusion by Government of India into the bank as the promoter of the bank in the normal course of business may not be construed as a PONV trigger. 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. The Basel III Guidelines state that, for this purpose, a non-viable bank will be a bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the RBI unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a 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 a permanent write-off in combination with or without other measures as considered appropriate by the RBI. A bank facing financial difficulties and approaching a point of non-viability shall be deemed to achieve viability if within a reasonable time in the opinion of the RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including a permanent write-off or public sector injection of funds are likely to: 1. restore confidence of the depositors/ investors; 2. improve rating/ creditworthiness of the bank and thereby improving its borrowing capacity and liquidity and reduce cost of funds; and 3. augment the resource base to fund balance sheet growth in the case of fresh injection of funds.	
		ii) Temporary principal write-down on CET1 Trigger Event	ii-a) Temporary write down	If a CET1 Trigger Event (as described below) occurs, the Bank shall:

				1. notify the Trustee; 2. cancel any coupon which is accrued and unpaid to as on the write-down date; and 3. without the need for the consent of Bondholders or the Trustee, write down the outstanding principal of the Bonds by such amount as the Bank may in its absolute discretion decide and in no case such amount shall be less than the amount required to immediately return the Bank's Common Equity Tier 1 Ratio (as defined below) to above the CET1 Trigger Event Threshold (as defined below) (the "CET1 Write Down Amount"). Notwithstanding the above, if the RBI has agreed with the Bank prior to the occurrence of the relevant CET1 Trigger Event that a write-down shall not occur because it is satisfied that actions, circumstances or events have had, or imminently will have, the effect of restoring the Common Equity Tier 1 Ratio to a level above the CET1 Trigger Event Threshold that the RBI and the Bank deem, in their absolute discretion, to be adequate at such time, no CET1 Trigger Event in relation thereto shall be deemed to have occurred. A Write-Down may occur on more than one occasion and (if applicable) the Bonds may be written down following one or more Reinstatements. Once the principal of a Bond has been written down pursuant to this Condition 45(ii)(a) (Temporary write down), it may be restored in accordance with Condition laid out by RBI. If the Bank is amalgamated with any other bank before the Bonds have been written down, the Bonds will become part of the Additional Tier 1 capital of the new bank emerging after the merger. If the Bank is amalgamated with any other bank after the Bonds have been written down pursuant to a CET1 Trigger Event, the amalgamated bank can reinstate these instruments according to its discretion. Further, if the Bank is amalgamated or acquired by another bank after being written down pursuant to a CET1 Trigger Event and the holders of equity shares get positive compensation on such amalgamation or acquisition, the holders of Bonds which have been written down pursuant to a CET1 Trigger Event will have to be appropriately compensated. *CET1 Trigger Event* means that the Bank's

				Common Equity Tier 1 Ratio is 1. if calculated at any time prior to March 31, 2019, at or below 5.5%; or 2. if calculated at any time from and including March 31, 2019, at or below 6.125%, (the "**CET1 Trigger Event Threshold**"); Common Equity Tier 1 Ratio means the Common Equity Tier 1 Capital (as defined and calculated in accordance with the Basel III Guidelines) of the Bank expressed as a percentage of the total risk weighted assets (as defined and calculated in accordance with the Basel III Guidelines) of the Bank; The purpose of a write-down on occurrence of the CET1 Trigger Event shall be to shore up the capital level of the Bank. If the Bank breaches the CET1 Trigger Event Threshold and equity is replenished through write-down of the Bonds, such replenished amount of equity will be excluded from the total equity of the Bank for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining the capital conservation buffer (as described in the Basel III Guidelines). However, once the Bank has attained a total Common Equity Tier 1 Ratio of 8% without counting the replenished equity capital, from that point onwards, the Bank may include the replenished equity capital for all purposes.
			ii-b) Reinstatement	Following a write-down pursuant to above Condition 45(ii)(a) (Temporary write down), the outstanding principal amount of the Bonds may be increased in accordance with RBI guidelines. Bonds may be subject to more than one Reinstatement.
46.	Amount of Write down upon breach of Trigger Level.		The aggregate amount to be written down for all AT1 instruments on breaching the trigger level must be at least the amount needed to immediately return the Bank's CET1 ratio to the trigger level or, if this is not possible, the full principal value of the instruments. Further, the Bank will have full discretion to determine the amount of AT1 instruments to be written down subject to the amount of write down not exceeding the amount which would be required to bring the total common equity ratio to 8 % of RWAs (minimum CET 1 of 5.50 % + capital conversion buffer of 2.5 %)	
47.	Order of claim of AT 1 instruments at the event of		The order of claim of various types of regulatory capital instruments issued by the Bank and that may be issued in future shall be in accordance with the order of seniority and as per	

	gone concern situation	usual legal provisions governing priority of charges. The Claims of Bondholders shall be as under: 1) Additional Tier I debt instruments will be superior to the claims of investors in common/ equity shares and perpetual non-cumulative preference shares and other regulatory capital instruments eligible for inclusion in tier 1 capital of the Bank; 2) subordinate to the claims of (i) depositors, (ii) general creditors; (iii) subordinated debt other than subordinated debt qualifying as Additional Tier 1 capital; (iv) subordinated debt eligible for inclusion in hybrid tier 1 capital under the then prevailing Basel regulations; (v) debt capital instruments eligible for inclusion in tier 2 capital issued and to be issued in future by the Bank; (vi) perpetual cumulative preference shares; (vii) redeemable non-cumulative preference shares; (viii) redeemable cumulative preference shares eligible for inclusion in tier 2 capital issued and to be issued in the future by the Bank; 3) neither secured nor covered by a guarantee of the Bank or its related entity or any other arrangement that legally or economically enhances the seniority of the claims of Bondholders vis-à-vis creditors of the Bank; 4) pari passu with the claims of investors in instruments eligible for inclusion in Additional Tier 1 capital issued and to be issued including but not limited to (i) perpetual non-cumulative preference shares eligible for inclusion in Additional Tier 1 capital; and (ii) perpetual debt instruments eligible for inclusion in Additional Tier 1 capital of the Bank; and 5) claims of holders of perpetual non-cumulative preference shares shall be superior to the claims of holders of equity/ common shares.
48.	Treatment in Insolvency	The instrument 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.
49.	Treatment in case of Winding up	I. If the bank goes into liquidation before the AT1 Instruments have been written-down, these instruments will absorb losses in accordance with the order of seniority indicated in the offer document and as per usual legal provisions governing priority of charges. II. If a bank goes into liquidation after the AT1 instruments have been written down, the holders of these instruments will have no claim on the proceeds of liquidation.
50.	Transaction Documents	The Bank has executed / shall execute the documents including but not limited to the following in connection with the issue: 1. Letter appointing Trustees to the Bond Holders; 2. Bond Trusteeship agreement;

		3. Rating agreement with Rating Agencies; 4. Letter appointing Registrar and agreement entered into between the Issuer and the Registrar; 5. Tripartite agreement between the Issuer, Registrar and NSDL for issue of Bonds in dematerialized form; 6. Tripartite agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form; 7. Letter appointing Arranger(s) to the issue; 8. Application made to NSE for seeking its in-principle approval for listing of bonds; and 9. Listing Agreement with NSE.
51.	Conditions precedent to subscription of Bonds	The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following: 1. Rating letter(s) from the aforesaid rating agencies not being more than one month old from the issue opening date; 2. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s); and 3. Letter to NSE for seeking its In-principle approval for listing and trading of Bonds.
52.	Conditions subsequent to subscription of Bonds	The Bank shall ensure that the following documents are executed / activities are completed as per time frame mentioned elsewhere in this Disclosure Document: 1. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment, 2. Making listing application to NSE within 15 days from the Deemed Date of Allotment of Bonds and seeking listing permission within 20 days from the Deemed Date of Allotment of Bonds in pursuance of SEBI Debt Regulations; and 3. Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Disclosure Document.
53.	Reporting of non-payment of Coupons	The Issuer shall notify all instances of non-payment of coupon to the chief general managers-in-charge of the Department of Banking Operations and Development and Department of Banking Supervision of the RBI.
54.	Default Interest Rate	In case of delay/ default in payment of interest/ coupon on the due dates (other than in the event of cancellation or non-payment of any interest/ coupon pursuant to “Coupon Discretion” clause or any other provision under RBI Basel III Guidelines), the Bank shall pay additional interest/ coupon at

		the rate of 2.00% p.a. over the Coupon Rate for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid.
OTHER GENERAL TERMS		
1.	Eligible Investors	a) Mutual Funds; b) Public Financial Institutions as defined under the Companies Act; c) Scheduled Commercial Banks; d) Insurance Companies; e) Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds; f) Co-operative Banks; g) Regional Rural Banks authorized to invest in bonds / debentures; h) Companies and Bodies Corporate authorized to invest in bonds / debentures; i) Trusts authorized to invest in bonds / debentures and j) Statutory Corporations / Undertakings established by Central / State legislature authorized to invest in bonds / debentures etc. This Issue is restricted only to the above investors. Prospective subscribers must make their own independent evaluation and judgment regarding their eligibility to invest in the issue.
2.	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.
3.	Applicable RBI Guidelines	The present issue of Bonds is being made in pursuance of Master Circular on Basel III capital regulations issued vide circular DBOD.No. BP.BC. 6/21.06.201/ 2014-15 dated July 1, 2014 and DBOD.No. BP.BC. 38/21.06.201/ 2014-15 dated September 1, 2014 by the Reserve Bank of India covering criteria for inclusion of debt capital instruments as Additional Tier-I capital (Annex 4) 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) as amended or replaced from time to time. The issue of Bonds and the terms and conditions of the Bonds will be subject to the applicable guidelines issued by the Reserve Bank of India and the Securities and Exchange Board of India (SEBI) from time to time.

4.	Prohibition on Purchase/ Funding of Bonds	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.
5.	Events of Default	As specified in the Bond trust deed.
6.	Trustee	SBICAP Trustee Company Limited.
7.	Registrar	Canbank Computer Services Limited.
8.	Compliance Officer	Company Secretary of the Bank.
9.	Roles and Responsibilities of 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 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 du care, diligence and loyalty. 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. The Trustee shall ensure disclosure of all material events on an ongoing basis. 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 & 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) within two working days of their specific request.
10.	Business Day Convention & Effect of Holiday	Should any of the dates, other than the Coupon Payment Date, including the Deemed Date of Allotment, Issuer Call Date, Tax Call Date or Regulatory Call Date as defined in this Information Memorandum, fall on day which is not a business day, the immediately preceding business day shall be considered as the effective date. Should the Coupon Payment Date, as defined in this Disclosure Document, fall on day which is not a business day, the immediately next business day

<table>
<tr><td></td><td></td><td>shall be considered as the effective date.</td></tr>
<tr><td>11.</td><td>Additional Covenants</td><td>Delay in Listing: 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).

Refusal of Listing: If listing permission is refused before the expiry 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. 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 20 days from the Deemed Date of Allotment, 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, as prescribed under relevant section of the Companies Act.</td></tr>
<tr><td>12.</td><td>Payment Mode</td><td>The remittance of application money should be made by electronic transfer of funds through RTGS mechanism for credit to an Account as furnished below:

<table>
<tr><td>Name of the Banker</td><td>CANARA BANK</td></tr>
<tr><td>Account Name</td><td>Canara Bank A/c Additional Tier I (AT1) 2014-15</td></tr>
<tr><td>Credit into Current A/c No.</td><td>2422201000573</td></tr>
<tr><td>IFSC Code</td><td>CNRB0002422</td></tr>
<tr><td>Address of the Branch</td><td>Canara Bank
Capital Market Service Branch
407, 4th Floor, Himalaya House
Ambedkar Marg, Mumbai – 400 001</td></tr>
<tr><td>Narration</td><td>Application money for the Bond issue</td></tr>
</table></td></tr>
<tr><td>13.</td><td>Arrangers</td><td>In alphabetical order:

A.K. Capital Services Limited
30 & 39, 3rd Floor
Free Press House
215, Nariman Point
Mumbai – 400 021
Tel. No.: 022 6610 0411
Fax No.: 022 6610 0594
Contact person: Pallavi Ghosh Nag

Axis Bank
Axis House, 8th Floor
Bombay Dyeing Mills Compound
Worli
Mumbai – 400 025</td></tr>
</table>

		Tel. No.: 022 6604 3594 Fax No.: 022 2425 3800 Contact person: Prateek Goyal Darashaw & Co. 1205-06, Regent Chambers 208, Nariman Point Mumbai – 400 021 Tel. No.: 022 6620 6612 Fax No.: 022 4302 2222 Contact person: Dhruv Ambani ICICI Bank ICICI Bank Tower Bandra Kurla Complex Bandra (East) Mumbai – 400 051 Tel. No.: 022 2653 6728 Fax No.: 022 2653 1063 Contact person: Snehal Gupte ICICI Securities Primary Dealership Limited ICICI Centre 163, Backbay Reclamation H.T. Parekh Marg Churchgate Mumbai – 400 020 Tel. No.: 022 6637 7184 Fax No.: 022 2283 7045 Contact person: Vikram Ramani Trust Investment Advisors Private Limited 109/110, 1st Floor, Balrama Bandra Kurla Complex Bandra (East) Mumbai – 400 051 Tel. No.: 022 4224 5120 Fax No.: 022 4084 5066 Contact person: Kamlesh Biyani

****** The Issuer reserves its sole and absolute right to modify (pre-pone/post-pone) the above issue schedule without giving any reasons or prior notice. In such a case, applicants shall be intimated about the revised time schedule by the Issuer. The Issuer also reserves the right to keep multiple Date(s) of Allotment at its sole and absolute discretion without any notice. In case if the Issue Closing Date/Pay in Dates is/are changed (pre-poned/post-poned), the Deemed Date of Allotment may also be changed (pre-poned/post-poned) by the Issuer at its sole and absolute discretion. 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.

IV. 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, 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 master circular on 'Basel III Capital Regulations' issued vide circular no. RBI/2014-15/103 DBOD.NO.BP.BC.6/21.06.201/2014-15 dated July 1, 2014 and the RBI circular on 'Implementation of Basel III Capital Regulations in India – Amendments' issued vide circular no. RBI/2014-15/201 DBOD.NO.BP.BC.38/21.06.201/2014-15 dated September 1, 2014 and as may be amended from time to time (together, the "**Basel III Regulations**").

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

Place: Bengaluru, Karnataka
Date: February 14, 2015

ANNEXURE I

IRR RATING LETTER

India Ratings & Research

Fitch Group

Ind-Ra/Canara Bank/AT1/Jan 2015

Canara Bank
Plot C-14, Block-G
Bandra-Kurla Complex
Mumbai – 400051

January 30, 2015

Kind Attention: Mr. A.P. Kamath, GM- Treasury, Canara Bank

Dear Sir,

Re: Rating of Canara Bank's INR15bn Additional Tier I bonds

India Ratings has assigned 'IND AA' to Canara Bank's upto INR15bn Additional Tier I bonds, to be issued as per the terms indicated by the bank (Annexure-1).

India Ratings also communicates the following outstanding ratings:

- Long-Term Issuer Rating: 'IND AAA'; Outlook Stable

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action

India Ratings & Research Private Limited A Fitch Group Company
Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai 400 051
Tel: +91 22 4000 1700 | Fax: +91 22 4000 1701 | CIN/LLPIN: U67100MH1995FTC140049 | www.indiaratings.co.in

commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings' ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating to investors.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "**India Ratings**" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact us at +91 22 4000 1700.

Sincerely,
India Ratings

Ananda Bhoumik
Senior Director

Sandeep Singh
Senior Director

IndiaRatings & Research Fitch Group

Annexure -1: Terms for Additional Tier I Bonds

- **Subordination** - The claims of the Bondholders shall be: superior to the claims of investors in equity/ common shares and perpetual non-cumulative preference shares of the Bank; subordinated to the claims of all depositors, general creditors and subordinated debt of the Bank; and is neither secured nor covered by a guarantee of the Issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.
- **Coupon Discretion** – The Bank has Full Discretion at all times to cancel coupon distributions / payments. On cancellation of distributions / payments, these payments will be extinguished and Bank shall have no obligation to make distributions / payments in kind as well.
  - Cancellation of discretionary payments shall not be an Event of Default.
  - Bank shall have full access to cancelled payments to meet obligations as they fall due.
  - Cancellation of distributions / payments will not impose restrictions on the Bank except in relation to distributions to common shareholders.
  - Coupons shall be paid out of distributable items. In this context, coupon may be paid out of current year profits. However, if current year profits are not sufficient i.e. payment of coupon is likely to result in losses during the current year, the balance amount of coupon may be paid out of revenue reserves (i.e. revenue reserves which are not created for specific purposes by a bank) and / or credit balance in profit and loss account, if any. However, payment of coupons on Perpetual Debt Instruments (PDIs) from the revenue reserves is subject to the issuing bank meeting minimum regulatory requirements of CET1, Tier 1 and Total Capital ratios at all times and subject to the requirements of capital buffer frameworks (i.e. capital conservation buffer, countercyclical capital buffer and Domestic Systemically Important Banks) set out in Basel III Guidelines.
  - The interest shall not be cumulative. This means that interest missed in a year will not be paid in future years, even if adequate profit is available and the level of CRAR conforms to the regulatory minimum. If coupon is paid at a rate lesser than the prescribed rate, the unpaid amount will not be paid in future years, even if adequate profit is available and the level of CRAR conforms to the regulatory minimum. Non payment of coupon will not constitute an Event of Default in respect of the Bonds.
- **Dividend Stopper** - Dividend Stopper Clause will not be applicable to these instruments. In the event the holders of AT1 Instruments are not paid dividend / coupon, they shall not impede the full discretion that Bank has at all times to cancel distributions / payments on these instruments, nor will they impede / hinder :
  - the re-capitalization of the Bank;
  - the bank's right to make payments on other instruments where the payments on this other instrument were not also fully discretionary;
  - the Bank's right to make distributions to shareholders for a period that extends beyond the point in time that coupon / dividends on these instruments are resumed;
  - the normal operations of the bank or any restructuring activities (including acquisitions / disposals).
- **Loss absorption** - Temporary write-down upon CET 1 trigger event (5.5% till Mar 31, 2019 and 6.125% thereafter) and permanent write down upon PONV trigger (to be decided by RBI).
- **Convertibility** – Non-convertible
- **Issuer Call option** - 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 (the "Issuer Call Date"), may exercise a call on the outstanding Bonds.
  - The Issuer Call, which is discretionary, may or may not be exercised on the tenth anniversary from the Deemed Date of Allotment i.e. the tenth Coupon Payment Date or on any Coupon Payment Date thereafter.

India Ratings & Research Fitch Group

- Prior approval of Reserve Bank of India will be required.
- The instrument should be replaced with capital of the same or better quality and the replacement of this capital is 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 instrument is called.

  OR

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

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

ANNEXURE II

ICRA RATING LETTER

ICRA Limited

Confidential

Ref: ICRA: BLR: 2014-15/RT-BASEL/674 **Date: December 31, 2014**

Mr. A P Kamath
General Manager
M/s.Canara Bank
Treasury & Investment Division,
Intergrated Treasury Wing,
6th Floor, B-Wing, C-14,G-Block,
BKC, Bandra (East),
Mumbai-400 051

Dear Sir,

Re: ICRA Credit Rating for the Rs. 1,500 crore Basel-III compliant Additional Tier-1 bonds of Canara Bank

Please refer to your Rating Requisition dated December 26, 2014 and the subsequent Rating Agreement of December 26, 2014 for carrying out the rating of the aforesaid Bond Programme. The Rating Committee of ICRA, after due consideration, has assigned the **[ICRA]AA(hyb)** (pronounced ICRA double A hybrid) rating with **Stable Outlook** to the captioned bond programme.Instruments with [ICRA]AA are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Within this category modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols. The modifiers reflect the comparative standing within the category. The letters "hyb" in parenthesis suffixed to a rating symbol stand for "hybrid", indicating that the rated instrument is a hybrid subordinated instrument with equity-like loss-absorption features; such features may translate into higher levels of rating transition and loss-severity vis-à-vis conventional debt instruments.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as **[ICRA]AA(hyb)** with **Stable Outlook.** We would appreciate if you can sign on the duplicate copy of this letter and send it to us within 7 days from the date of this letter as a token of your acceptance and use of the assigned rating. The rationale for assigning the above rating will be sent to you on receipt of your confirmation about the use of our rating, as above. Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you.

'The Millenia', Tower B, Unit No. 1004
10th Floor, 1&2 Murphy Road, Ulsoor
Bengaluru - 560008

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Corporate Office : Building No. 8, Tower-A, 2nd Floor, DLF Cyber City, Phase II, Gurgaon - 122002. Tel. : +(91-124) 4545300 Fax : +(91-124) 4050424

RATING • RESEARCH • INFORMATION

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and confirmed to use by you, it would be subject to our review and may result in change in the rating assigned.

ICRA reserves the right to suspend, withdraw or revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds to be issued by you. If the instrument rated, as above, is not issued by you within a period of 3 months from the date of this letter communicating the rating, the same would stand withdrawn unless revalidated before the expiry of 3 months.

You are required to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing. You are also required to keep us forthwith informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s).

You are required to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority (ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

With kind regards,

Yours faithfully,
For ICRA Limited

Jayanta Chatterjee
Executive Vice President

Remika Agarwal
Assistant Vice President

ANNEXURE III

ICRA RATING LETTER - EXTENSION

ICRA Limited

Confidential

Ref: ICRA: BLR: 2014-15/RT-BASEL/785[R] Date: February 03, 2015

Mr. A P Kamath
General Manager
M/s.Canara Bank
Treasury & Investment Division,
Intergrated Treasury Wing,
6th Floor, B-Wing, C-14,G-Block,
BKC, Bandra (East),
Mumbai-400 051

Dear Sir,

Re: ICRA Credit Rating for the Rs. 1,500.00 crore Basel-III compliant Additional Tier-1 bonds of Canara Bank

This is with reference to your email dated February 03, 2015, for re-validating your rating for the Basel III compliant Additional Tier-1 bonds of Rs. 1,500.00 crore.

We confirm that the **[ICRA]AA(hyb)** (pronounced ICRA double A hybrid) rating with a **Stable outlook**, assigned to the captioned Bonds programme of your company and last communicated to you vide our letter Ref: ICRA:BLR:2014-15/RT-BASEL/674 dated December 31, 2014 stands. Instruments with [ICRA]AA are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. Within this category modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols. The modifiers reflect the comparative standing within the category. The letters "hyb" in parenthesis suffixed to a rating symbol stand for "hybrid", indicating that the rated instrument is a hybrid subordinated instrument with equity-like loss-absorption features; such features may translate into higher levels of rating transition and loss-severity vis-à-vis conventional debt instruments. The amount unutilized against this is Rs. 1,500.00 crore.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same vide our letter Ref: ICRA:BLR:2014-15/RT-BASEL/674 dated December 31, 2014.

With kind regards,

Yours sincerely,
for ICRA Limited

Remika

[Remika Agarwal]
Asst. Vice President

[Swathi Hebbar]
Senior Analyst

'The Millenia', Tower B, Unit No. 1004
10th Floor, 1&2 Murphy Road, Ulsoor
Bengaluru - 560008

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Fax: +(91-80) 4332 6409
CIN: L74999DL1991PLC042749

Website : www.icra.in
Email : info@icraindia.com

Registered Office : 1105, Kailash Building, 11th Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +(91-11) 23357940-50 Fax : +(91-11) 23357014
Corporate Office : Building No. 8, Tower-A, 2nd Floor, DLF Cyber City, Phase II, Gurgaon - 122002. Tel. : +(91-124) 4545300 Fax : +(91-124) 4050424

RATING • RESEARCH • INFORMATION

ANNEXURE IV

CONSENT LETTER OF THE DEBENTURE TRUSTEE

Corporate Office: Apeejay House, 6th Floor,
3 Dinshaw Wachha Road, Churchgate, Mumbai - 400 020.
Tel : 022-4302 5555 Fax : 022-2204 0465
Email : helpdesk@sbicaptrustee.com

SBICAP Trustee Company Ltd.

No. 3436/STCL/Mktg/DD/2014-15/CL-1114
Date : 09th January, 2015.

Canara Bank
Treasury & Investment Division,
Integrated Treasury Wing,
6th Floor, B-Wing, C-14, G-Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

Dear Sir,

Kind Attn : Mr. Sandeep Rao (Asst. General Manger)

Proposed Private Placement of Bonds by Canara Bank (the "Company") Basel III compliant Additional Tier I Bonds (the "Bonds") aggregating to Rs. 1,500 Crores (the "Issue").

We the undernamed, hereby give our consent to act as Debenture Trustee for the proposed captioned private placement of Bonds and to include our name as Debenture Trustee in the Schedule I as per the Securities and Exchange Board of India guidelines.

We hereby authorise you to deliver this letter of consent to the stock exchange(s) or any other regulatory authority as may be required by law.

The following details with respect to us may be disclosed:

Name	: SBICAP Trustee Company Limited
Address	: Apeejay House, 6th floor 3, Dinshaw Wachha Road, Churchgate, Mumbai 400 020.
Telephone No.	: 022-43025555
Fax No.	:022- 22040465
E-mail	: corporate@sbicaptrustee.com
Website	: www.sbicaptrustee.com
Contact Person	: Mrs. Ajit Joshi (Company Secretary & Compliance Officer) Tel No. 022- 43025503

SEBI Registration No.: IND000000536

We confirm that we are registered with SEBI and that such registration is valid as on date of this letter.

Yours faithfully,

Authorised Signatory

Registered Office: 202, Maker Tower E, Cuffe Parade, Mumbai 400 005.
Website : www.sbicaptrustee.com Corporate Identity Number : U65991MH2005PLC158386
A wholly owned Subsidiary of SBI Capital Markets Ltd.