

Private & Confidential – Not for Circulation
(This is a Disclosure Document prepared in conformity 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)



(A Government of India Undertaking)
Constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970
Head Office: 112, J.C.Road, P.B.No.6648 BANGALORE-560 002.
Treasury & Investments Division
Treasury & International Operations Wing, 7th Floor, Maker Chambers III, Nariman Point, Mumbai 400 021
Tel: 022 2280 0101 -106 Fax 022 2280 0100 E-mail: tidmum@canbank.co.in
Website: <http://www.canarabank.com>

DISCLOSURE DOCUMENT FOR PRIVATE PLACEMENT OF UNSECURED REDEEMABLE SUBORDINATED NON CONVERTIBLE UPPER TIER II BONDS SERIES III IN THE NATURE OF PROMISSORY NOTES (Bonds) OF ₹.10 LAKH EACH FOR CASH AT PAR AGGREGATING TO ₹ 1000 CRORE (RUPEES ONE THOUSAND CRORES ONLY)

GENERAL RISKS

The Securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Further this Information Memorandum has been prepared in conformity with the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and therefore, as per the applicable provisions, copy of this Information Memorandum has not been filed or submitted to SEBI. Investment in debt instruments involves a degree of risk, for taking investment decision, investors must rely on their own examination of the Issuer and the issue including the risks involved.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Disclosure Document contains 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 Document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Issuer is not required to file this Disclosure Document with SEBI/ROC/RBI as it is on private placement and not an Offer to the general Public.

CREDIT RATING

CRISIL Limited has assigned a “**AAA / Stable**” (pronounced ‘Triple A with Stable outlook’) rating to the captioned Debt programme of the Bank. This rating indicates highest degree of safety with regard to timely payment of Interest and principal on the instrument.

Brickwork Ratings has assigned ‘**BWR AAA**’ (Pronounced BWR Triple A) (Outlook: STABLE) rating to the captioned Debt issue programme of the Bank. Instruments carrying this rating are considered to offer the Best Credit Quality in terms of timely servicing of debt obligations.

LISTING

THE UNSECURED REDEEMABLE SUBORDINATED NON CONVERTIBLE UPPER TIER II BONDS SERIES III are proposed to be listed on the Wholesale Debt Market (WDM) Segment of the National Stock Exchange of India Ltd. (‘NSE’).

REGISTRAR TO THE ISSUE



CANBANK COMPUTER SERVICES LIMITED
R & T CENTRE, J P ROYALE
NO. .218, I FLOOR, II MAIN, SAMPIGE ROAD,
NEAR 14TH CROSS
MALLESWARAM, BANGALORE – 560 053
TEL: 080-23469661/9662
E-Mail: canbank_computer@dataone.in

TRUSTEES TO THE BOND HOLDERS



VIJAYA BANK
MERCHANT BANKING DIVISION
HEAD OFFICE, 41/2 M.G.ROAD,
BANGALORE-560 001
TEL: 080-25584066 FAX: 080 -2558 4764
E-Mail: dpccell@vijayabank.co.in

ISSUE SCHEDULE

ISSUE OPENS ON	27.09. 2010
ISSUE CLOSSES ON	28.09. 2010
PAY IN DATES	FROM 27TH SEP TO 28TH SEP 2010
DEEMED DATE OF ALLOTMENT	29.09. 2010

The Bank reserves the right to change the issue closing date and in such an event, the Deemed Date of Allotment for the Bonds may also be revised by the Bank at its sole and absolute discretion. In the event of any change in the above issue programme, the investors will be intimated about the revised issue programme by the Bank.

This schedule under SEBI Regulations Dated June 6, 2008 for Private Placement 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 issued / to be issued by the Issuer.

List of arrangers in alphabetical order

 <p>A. K. Capital Services Ltd. 30-39, 3rd Floor Free Press House 215, Nariman Point Mumbai – 400 021 Tel: (022) 66349300 Fax: 91-22-66360977</p>	 <p>Almondz Global Securities Ltd. 33, Vaswani Mansion, 6th Floor, Opp. K. C. College Mumbai-400020 Tel: (022) 22870580/22040908 Fax: 91-22-22870581</p>
 <p>Axis Bank Ltd. 11th Flr, Maker Tower- F Wing, Cuffe Parade, Colaba, Mumbai- 400 005 Ph:022-22162411/0304 Fax:022-22164721</p>	 <p>Barclays Bank PLC Mumbai Branch 801/808 Ceejay House Shivsagar Estate Dr. Annie Besant Road, Worli Mumbai 400 018, India</p>
 <p>Deutsche Bank AG Hazarimal Somani Marg-Fort, Mumbai, India - 400001 Tel +91(22)66584977, 66584978 Fax +91(22)22072966 Mobile +91-9930075654</p>	 <p>Edelweiss Capital Limited 14th Floor, Express Towers, Nariman Point, Mumbai – 400 021. Tel (022) 2286 4400 Fax (022) 4342 8029</p>
 <p>ICICI BANK TOWER Bandra Kurla Complex Bandra East , Mumbai 400051 Tel: 022 26531414, 26531027</p>	 <p>ING Vysya Bank Ltd. C-12, G Block Bandra Kurla Complex Bandra (East), Mumbai – 400051 Tel: (022) 33095818, 5898 Fax: 91-22- 26522812</p>
 <p>Kotak Mahindra Bank Ltd. Bakhtawar, 2nd Floor 229, Nariman Point Mumbai - 400021 Tel: (022) 67836058 Fax: (022) 22885661</p>	 <p>Trust Investment Advisors Pvt. Ltd. 108/109/110, 1st Floor, Balarama Building, Bandra Kurla Complex, Bandra (E), Mumbai - 400051, Maharashtra Ph: +91 22 40845000 Mob: 9821524166</p>

INDEX OF CONTENTS

INDEX	TITLE	PAGE NOS
I	NAME AND ADDRESS OF THE HEAD OFFICE OF THE BANK	6
II	NAMES AND ADDRESSES OF THE DIRECTORS OF THE BANK	6
III	BRIEF SUMMARY OF THE BUSINESS/ ACTIVITIES AND LINE OF BUSINESS.	9
IV	BRIEF HISTORY SINCE INCORPORATION WITH DETAILS OF ACTIVITIES INCLUDING REORGANIZATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN CAPITAL STRUCTURE, (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS	16
V	DETAILS OF DEBT SECURITIES ISSUED AND SOUGHT TO BE LISTED INCLUDING FACE VALUE, NATURE OF DEBT SECURITIES, MODE OF ISSUE i.e. PUBLIC ISSUE OR PRIVATE PLACEMENT.	19
VI	ISSUE SIZE	20
VII	DETAILS OF UTILIZATION OF THE ISSUE PROCEEDS.	21
VIII	STATEMENT CONTAINING PARTICULARS OF THE DATES OF AND PARTIES TO ALL MATERIAL CONTRACTS, AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS	21
IX	DETAILS OF OTHER BORROWINGS INCLUDING OTHER ISSUE OF DEBT SECURITIES IN THE PAST	22
X	MATERIAL EVENTS/ DEVELOPMENTS	22
XI	PARTICULARS OF THE DEBT SECURITIES ISSUED (I) FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART (II) AT A PREMIUM OR DISCOUNT, OR (III) IN PURSUANCE OF AN OPTION.	22
XII	TOP TEN HOLDERS OF EACH CLASS/ KIND OF SECURITIES	22
XIII	UNDERTAKING TO USE A COMMON FORM OF TRANSFER	33
XIV	REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION	33
XV	TERMS OF THE OFFER	33
XVI	DISCOUNT ON OFFER PRICE	43
XVII	DEBT EQUITY RATIO PRIOR TO AND AFTER THE ISSUE	43
XVIII	SERVICING BEHAVIOR ON EXISTING DEBT SECURITIES	43
XIX	PERMISSION / CONSENT FROM THE CREDITORS	43
XX	NAME OF THE DEBENTURE TRUSTEE & STATEMENT OF CONSENT	43
XXI	RATING RATIONALE (S) ADOPTED BY THE RATING AGENCIES	43
XXII	NAME OF STOCK EXCHANGES WHERE SECURITIES ARE PROPOSED TO BE LISTED	44
XXIII	SUMMARY TERM SHEET	44

DEFINITIONS / ABBREVIATIONS	
ALCO	Asset-Liability Management Committee
ASBA	Applications Supported by Blocked Amount
BOARD / BOARD OF DIRECTORS	The Board of Directors of Canara Bank and Committee thereof
BSE	Bombay Stock Exchange LTD, Mumbai.
BANK	Canara Bank
CANFINA	Canbank Financial Services Ltd.
CRAR	Capital to Risk Weighted Assets Ratio
CCSL	Canbank Computer Services Ltd
CDSL	Central Depository Services (India) Ltd.
CRAMC	Canara Robeco Asset Management Company Ltd.
CRMF	Canara Robeco Mutual Fund
CRISIL	CRISIL Limited
CVCFL	Canbank Venture Capital Fund Ltd
DP	Depository Participant
ECGC	Export Credit Guarantee Corporation of India Ltd.
FCNR (B)	Foreign Currency Non Resident (Banks)
FY	Financial Year
GOI	Government of India/ Central Government
CBSL	Canara Bank Securities Ltd.
ISSUER	Canara Bank (the “issuer”)
ICRA	ICRA Ltd.
MOF	Ministry of Finance
NPA	Non-Performing Assets
NRIs	Non Resident Indians
NSDL	National Securities Depository Ltd.
NSE	The National Stock Exchange of India Ltd.
RBI	Reserve Bank of India
RRBs	Regional Rural Banks
SCBs	Scheduled Commercial Banks
SEBI	Securities and Exchange Board of India*
SEBI Regulation	Securities and Exchange Board of India [Issue and Listing of Debt – Securities], Regulations 2008
SLR	Statutory Liquidity Ratio
The Bank	Canara Bank
The Act	The Banking Companies (Acquisition and Transfer of Undertakings) Act Nationalisation Act 1970 as amended from time to time
The Board	The Board of Directors of the Bank including Committees of the Board
The BR Act	The Banking Regulation Act, 1949 as amended from time to time
The Companies Act	The Companies Act, 1956 and as amended from time to time

* Constituted under The Securities and Exchange Board of India Act, 1997 (As amended from time to time)

FORWARD-LOOKING STATEMENTS

This Disclosure Document may contain certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as we “believe”, “expect”, “estimate”, “anticipate”, “intend”, “plan” or other words or phrases of similar importance. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- a) General economic and business conditions in India;
- b) Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- c) Changes in the value of the Indian rupee and other currency changes;
- d) Changes in the Indian and international interest rates;
- e) Changes in laws and regulations that apply to the Indian Banking Industry;
- f) Increasing competition in, and the conditions of, the Indian Banking Industry;
- g) Changes in political conditions in India; and
- h) Changes in the foreign exchange control regulations in India.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. In accordance with SEBI requirements, our bank will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

DISCLAIMER

GENERAL DISCLAIMER

This Disclosure Document for Private Placement (“Memorandum”) is neither a prospectus nor a statement in lieu of prospectus and is prepared in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide Circular No. LAD-NRO/GN2008/13/127878 dated June 06, 2008. This document does not constitute an offer to the public to subscribe for or otherwise acquire the Bonds issued by Canara Bank (the Bank / the Offeror). The document is for the exclusive use of the Person(s)/ Institution(s) to whom it is delivered and it should not be circulated or distributed to third party (ies). No Prospectus in relation to the Issuer or the Bonds relating to this Offer has been delivered for registration nor such a document is required to be registered under the applicable laws.

The information relating to the Bank contained in this Disclosure Document is believed by the Bank to be accurate in all respects as of the date hereof. The Disclosure Document shall not be considered as a recommendation to purchase the bonds and recipients are urged to determine, investigate and evaluate for themselves, the authenticity, origin, validity, accuracy, completeness, adequacy or otherwise the relevance of information contained in this Disclosure Document. The recipients are required to make their own independent valuation and judgment of the Bank and the Bonds. It is the responsibility of potential investors to also ensure that they will sell these bonds in strict accordance with this Disclosure Document and other applicable laws, so that the sale does not constitute an offer to the public, within the meaning of the Companies Act, 1956. The potential investors should consult their own tax advisors on the tax implication relating to acquisition, ownership, sale of Bonds and in respect of income arising thereon. Investors are also required to make their own assessment regarding their eligibility for making investment(s) in the Bonds of the Bank. The Bank or any of its directors, employees, advisors, affiliates, subsidiaries or representatives do not accept any responsibility and or liability for any loss or damage however arising and of whatever nature and extent in connection with the said information. Neither the Arrangers nor any of their respective affiliates or subsidiaries have independently verified the information set out in this Memorandum or any other information (written or oral) transmitted or made to any prospective lender in the course of its evaluation of the Offeror.

DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

This disclosure document has not been filed with Securities & Exchange Board of India (SEBI). The Securities have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document. It is to be distinctly understood that this document should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue proposed to be made, or for the correctness of the statements made or opinions expressed in this document. The issue of bonds being made on private placement basis, filing of this document is not required with SEBI, however SEBI reserves the right to take up at any point of time, with the Bank, any irregularities or lapses in this document.

DISCLAIMER OF THE ISSUER

The issuer confirms that the information contained in this Disclosure document is true and correct in all material respects and is not misleading in any material respect. The recipients of this Memorandum agree that unless and until the definitive written agreements between the Bank and any such recipient with respect to a possible transaction have been executed and delivered and have become legally effective, and then only to the extent of the specified terms and provision of such definitive agreements, neither the Bank nor any of its Directors, employees, advisors, affiliates or

representatives shall be under any legal obligation of any kind what so ever with respect to any such transaction by virtue of the delivery of this Disclosure Document or its content or of any other written or oral expression by any of the Directors, employees, advisors, affiliates, subsidiaries or representatives of the Bank.

Force Majeure

The Bank reserves the right to withdraw the Offer prior to the earliest closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment or otherwise. In such an event, the Bank will refund the application money, if any, along with interest payable on such application money, if any, without assigning any reason.

This Disclosure Document is issued by the Bank and signed by its authorized signatory.

I. NAME AND ADDRESS OF THE HEAD OFFICE OF THE ISSUER

CANARA BANK
HEAD OFFICE, NO. 112, J C ROAD
BANGALORE – 560 002
Treasury & Investments Division
T&IO Wing, 7th Floor, Maker Chambers III,
Nariman Point, Mumbai 400 021
Tel: 022 2280 0101 -106 Fax 022 2280 0100
E-mail: tidmum@canbank.co.in

Compliance Officer
Mr. B NAGESH BABU
Company Secretary

Contact Address of the Compliance Officer:

Canara Bank
Secretarial Department, Head Office
112, J C Road
P B No. 6648 Bangalore – 560 002
Tel: 080 – 2210 0250, Fax: 080 – 2224 8831
E-Mail : hosecretarial@canbank.co.in

II. NAMES AND ADDRESSES OF THE DIRECTORS OF THE ISSUER

The composition of the Board of Directors of the Bank as on 23.09.2010 is as under:

Sl No	Name of the Director	Designation	Age in years	Qualification	Other Directorships
1.	Shri. S. Raman Canara Bank Head Office 112, J.C. Road BANGALORE-560002	Chairman & Managing Director	58		
2.	Shri. Jagdish Pai K.L. Canara Bank Head Office 112, J.C. Road BANGALORE-560002	Executive Director	59	B.Com.	Director : Canbank Computer Services Limited
3.	Shri. H. S. Upendra Kamath Canara Bank Head Office 112, J.C. Road BANGALORE-560002	Executive Director	56	B.Com., CAIIB	Director / Vice Chairman: a) Canbank Factors Limited b) Canara Bank Securities Limited c) Canbank Venture Capital Fund Limited

					d) Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited
4.	Dr. K. P. Krishnan Secretary-Economic Advisory Council to the Prime Minister 'E' Hall, Vigyan Bhawan Maulana Azad Road NEW DELHI - 110 011	GOI Nominee Director	50	Ph.D. (Eco.), MA (Eco), LLB, BA (Eco).Hons	Government Director - SEBI Board Government Director - Board of Specified Undertaking of Unit Trust of India (SUUTI) Director - Board of Pension Fund Regulatory and Development Authority
5.	Shri. G Padmanabhan Chief General Manager Reserve Bank of India Department of Payment & Settlement Systems Central Office, 14 th floor S B Road, MUMBAI - 400 001	RBI nominee Director	55	MA, CAIIB, MBA	N I L
6.	Shri. Devender Dass Rustagi General Secretary Canara Bank Employees' Union Canara Bank Circle Office, Nehru Place NEW DELHI	Workmen Employee Director	56	M.Com, CAIIB Part I	N I L
7.	Shri. Khalid Luqman Bilgrami 1042, Sector-A, Pocket A Vasant Kunj New Delhi - 110 070	Part-time Non- Official Director under Chartered Accountant Category	52	B.Com (Hons), CA.,	Director : Henley Information Technologies Pvt. Limited
8.	Dr. Yogendra Pati Tripathi Village & P.O. PINDI Dist. DEORIA Uttar Pradesh	Part-time Non- Official Director	61	MA, LLB, PhD, PG Dip. In Ecology & Environment, PG Dip. In Public Relation & Advertisemen t	Nil
9.	Shri. S. Shabbeer Pasha 96/8, Al Ameen Apartments First Cross South End Road Bangalore 560004	Part-time Non- Official Director	47	B.Com., CAIIB, Grad. CWA, FCA.,	a) Director : Industrial Finance Corporation of India b) Independent Director : Bonanza Portfolio Ltd.
10.	Shri. Pankaj Gopalji Thacker Ward No.2B, Plot No. 308, ADIPUR Kutch, Gujarat	Part-time Non- Official Director	53	B.E., (Civil)	Director : Sindhu Resettlement Corporation

11.	Shri. P. V. Maiya Former chairman & CEO of ICICI Bank & Former MD of CDSL Flat 106, Sowmya Springs, 5/2 Dewan Madhav Rao Road Basavanagudi BANGALORE-560004	Shareholder Director	72	M.A., CAIIB.,	a) Neuland Labs Limited b) Brigade Enterprises Limited c) Ocean Sparkle Private Limited d) Independent Director & Chairman : The BCV Developers Private Limited
12.	Shri. Sunil Gupta Practicing Chartered Accountant SCO 35, 1st Floor Sector 26, Madhya Marg CHANDIGARH-160019	Shareholder Director	44	B.Com., F.C.A.	Director: Sumer Estates Private Limited Director : VAN Estates Pvt. Ltd. Honorary Director: Chandigarh Club Limited

III. BRIEF SUMMARY OF THE BUSINESS ACTIVITIES OF THE ISSUER AND ITS LINE OF BUSINESS

Main Objects of the Bank

We are one of India's leading commercial banks, established in 1906. The main objects of the Bank at the time of the nationalization, in July 1969, as laid down in the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, 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."

Business of the Bank

The Bank shall carry on and transact 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, 1949.

The Bank may engage in one or more of the other forms of business specified in sub-section (1) of Section 6 of The Banking Regulation Act, 1949.

The banking business is governed by Section 3 (7) and Section 3 (5) of Chapter II of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970.

Activities

Canara Bank, in the course of its business as a commercial bank, 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, investment banking, credit card business, leasing & hire purchase etc.

Details of Sources of Funds

Deposits (Global) as at 31.03.2010

(Rs. in crore)

As on March31,	2006	2007	2008	2009	2010
Deposits (Global)	116803	142381	154072	186892	234651
Annual Growth–Amount	20007	25578	11691	32820	47759
- Percent (%)	20.67	21.90	8.21	21.30	25.55
Cost of Deposits (Global)(%)	4.69	5.46	6.80	6.87	6.12

Maturity Profile of deposits-Domestic & Global as at 31.03.2010

(Rs. in cr)

1Day	4144.82	130.63	4275.45
2-7 Days	8762.28	132.53	8894.81
8-14 Days	4761.51	118.18	4879.68
15-28 Days	4558.48	177.92	4736.40
29 days- 3	24101.91	538.28	24640.19

Months			
3 – 6 Months	27402.18	461.39	27863.57
6 Months – 1 Year	48786.96	673.95	49460.92
1 – 3 Years	29338.26	596.94	29935.20
3 – 5 Years	33748.68	686.67	34435.35
Over 5 Years	44169.92	1359.95	45529.87
Total	229775.00	4876.44	234651.44

Asset Classification

Non Performing Assets (NPAs)

The Gross NPA level of the Bank has been progressively reduced from Rs.3126.84 crore (as at March 04) to Rs. 2590.31 crore (as at March 10), Gross NPA %age to Gross Advances has also declined from 6.33 as at March 04 to 1.52 as at March 10.

Similarly, the net NPA which stood at Rs.1378.31 crore as at March 04 has marginally increased to Rs. 1799.70 crore. However, the Percentage of Net NPA to Net Advances for the above period has come down from 2.89 to 1.06.

Asset Classification:

Asset Classification of Performing and Non Performing Assets

(Rs. in crore)

As on March31,	2006	2007	2008	2009	2010
Standard Assets	77872.58	97599.65	106381.95	136868.94	167718.69
Sub Standard	776.57	1022.64	1219.20	1514.59	1953.59
Doubtful	964.60	348.08	53.42	646.97	627.39
Loss	51.44	2.74	3.55	6.41	9.33
Gross NPAs	1792.61	1373.46	1272.62	2167.97	2590.31
Gross Advances	79665.19	98973.11	107654.57	139036.91	170309.00

Details of Gross and Net NPAs

(Rs. in crore)

As on March31,	2006	2007	2008	2009	2010
Gross Advances	79665.19	98973.11	107654.57	139036.91	170309.00
Gross NPAs	1792.61	1373.46	1272.62	2167.97	2590.31
Gross NPAs to Gross Advances(%)	2.25	1.39	1.18	1.56	1.52
Net Advances	78750.70	98405.71	107138.05	138219.40	169264.65
Net NPAs	879.18	926.97	899.03	1507.25	1799.70
Net NPAs to Net Advances(%)	1.12	0.94	0.84	1.09	1.06

NPA Management Strategy:

During 2009-2010 the Bank could resolve more number of NPA accounts through action under SARFAESI Act. A sum of Rs. 496.86 crore has been recovered only through SARFAESI steps. Further, during the year 2009-2010 the Bank had resorted to the following strategies.

- 100% Contact Campaign – To contact all the borrowers.
- Recovery Meets / Canadalats – All branches / COs / ROs were instructed to conduct more number of Recovery Meets / Canadalats.
- Mandatory SARFAESI Action in all eligible cases and taking to logical conclusion.
- Identification of Wilful Defaulters and publication of Photo / Initiating Criminal action.
- Special One Time Settlement Scheme for small value accounts up to Rs. 5 lacs.
- Referring more cases to Lokadalats.
- Vigorous monitoring of newly slipped accounts for upgradation / rephasing / reschedulement.

Priority Sector Credit

The remarkable performance of the Bank during 2009-10 has further reinforced the Bank's commitment to the large and growing productive segments of the economy including agriculture, small enterprises, education, micro credit, weaker sections, SC/STs and minorities.

Outstanding **Priority Sector Advances** of the Bank as at March 2010 rose by Rs.10547 crore to Rs.59310 crore, covering 39 lakh borrowers. Priority Sector Advances formed 43.92% of the Bank's Adjusted Net Bank Credit (ANBC), well above the 40% stipulated norm. The incremental growth under priority sector credit (Rs.10547 crore) constituted almost 41.54% of the incremental growth in gross credit (Rs.25392 crore) of the Bank.

Sector wise distribution of Gross Priority Sector Advances (Rs. incrore)

Year ended March 31	2006	2007	2008	2009	2010
Agriculture	12032	15521	17996	20144	25052
Micro & small Enterprises	6591	9852	14175	16316	24180
Other Priority Sector Advances	12314	12472	11032	12303	10078
Gross Priority Sector Advances	30937	37844	43203	48763	59310
% to ANBC	41.39	40.21	44.15	46.02	43.92

Lead Districts

Lead Districts data : Details of Branch Network, resources mobilised and advances made in the Lead Districts as at 31.03.2010

(Rs.in Crores)						
State	No. of Lead Districts	No.of Branches	Total Deposits	Total Advances	Advances to Priority Sector	Percentage to Total advances
				(A)	(B)	(B/A)
Karnataka	8	165	4828.68	3673.55	3119.46	84.92
Tamilnadu	7	191	4596.69	5425.93	4457.30	82.15
Kerala	5	148	5964.96	3022.23	2829.27	93.62
Uttar Pradesh	5	89	2693.70	1742.49	1499.77	86.07
Bihar	1	4	79.18	28.48	22.78	79.99
TOTAL	26	597	18163.21	13892.68	11928.58	85.86

Asset Liability Management

Maturity pattern of certain items of Assets & Liabilities* (As at 31/03/2010)

Rs. In Crores

Maturity	Deposits	Advances \$	Investments	Borrowings	Foreign Curr. Assets	Foreign Curr. Liabilities
1 day	4275.45	7684.30	0.00	0.00	689.30	650.24
2 – 7 days	8894.81	6563.84	1626.63	0.00	1045.95	780.09
8 – 14 days	4879.68	8296.41	599.09	0.00	1314.09	1654.70
15 - 28days	4736.40	4320.55	1319.18	84.55	279.14	545.45
29 – 3 months	24640.19	21337.66	3511.73	144.50	3612.56	2144.83
Over three months & upto six months	27863.57	16226.76	1550.04	321.53	3893.91	3174.56
Over six months & upto one year	49460.92	24650.96	552.98	291.96	3449.49	3480.11
Over one year & upto three years	29935.20	30469.24	5054.19	853.09	740.58	1067.09
Over three years & upto five years	34435.35	17713.03	6050.31	857.61	642.61	115.30
Over five years	45529.87	32071.88	49412.80	5887.32	994.98	1986.79
Total	234651.44	169334.63	69676.95	8440.56	16662.61	15599.16

* As compiled by the management & relied upon by the auditors.

\$ Net

ALM Strategy of the Bank

The Bank has put in place an effective Asset Liability Management system. The Board of Directors of the Bank has constituted an Asset Liability Committee (ALCO) to oversee ALM functions, including fixation of interest rates for various components of assets and liabilities, its composition and maturity. A comprehensive software solution has been installed for quantifying risks and to analyze Maturity Gap, Duration and Sensitivity of assets and liabilities to interest rate variations.

Periodical Studies have been undertaken to analyze the behavioral patterns of various components of assets and liabilities to estimate the liquidity on a dynamic basis. To evaluate the impact of changes in interest rate on Bank's earnings, an analysis of Earnings at Risk (EAR) and its impact on Net Interest Income(NII) are being done on an ongoing basis. Stress testing exercises on various scenarios of liquidity and interest rates are being undertaken to estimate the stress cost as also the Economic Value of Equity (EVE). The change in the composition and residual maturity of assets and liabilities is evaluated by the Traditional Gap Analysis (TGA) as also by the Duration Gap Analysis (DGA).

The liquidity position of the Bank is tracked on a daily basis by means of residual maturity of assets and liabilities.

The ALCO meets regularly to discuss various issues pertaining to the liquidity position by considering the residual maturity profile of various assets and liabilities, takes stock of the dynamic interest rate scenario, discusses at length the changes evolving in economic and financial parameters which have a direct or indirect bearing on the banking industry and focuses on the impact of all these factors on the business profile of the Bank.

Financial Ratios and other Financial Information

(Rs. in Crore)

Year ended March 31	2006	2007	2008	2009	2010
Average interest earning assets	106659.77	127981.81	146320.46	169623.04	203153.45
Average interest rate for the above (%)	8.17	8.88	9.71	10.09	9.23
Interest income	8711.51	11364.56	14200.73	17119.05	18751.96
Average interest bearing liabilities	104500.87	127150.03	148592.46	170917.02	210281.71
Average interest rate for the above (%)	4.91	5.77	7.18	7.26	6.22
Total interest expenses	5130.01	7337.73	10662.94	12401.25	13071.43
Ratio of avg. interest earning assets to Avg. interest bearing liabilities	1.02	1.01	0.98	0.99	0.97
Interest expenses apportioned to Interest earning assets	5235.99	7385.73	10499.90	12277	12628.33
Net Interest income	3581.50	4026.83	3537.79	4717.82	5680.53
Net Interest margin (%)	3.36	3.15	2.42	2.78	2.80
Average cost of Loan funds (%)	3.40	8.50	8.97	8.82	7.76
Yield spread (%)	3.26	3.11	2.53	2.83	3.01
Return on average assets	1.13	0.98	0.92	1.06	1.30
Cash EPS (Not annualized)	36.30	38.27	42.29	54.78	73.69

Capital Adequacy - Migration to Basle II Norms

The Bank has smoothly transited to Basle II Norms as on 31.03.2008. The Capital to Risk Weighted Assets Ratio (CRAR) is being computed as per Pillar 1 requirement of Basle II Norms, adhering to the New Capital Adequacy Framework guidelines stipulated by the RBI.

The Bank has framed policy on Internal Capital Adequacy Assessment Process (ICAAP) consistent with the RBI guidelines under Pillar 2 of Basle II Norms. A Capital Planning Committee is in place at the Corporate Office which meets periodically to assess capital requirement of the Bank, ensure maintenance of appropriate level of CRAR and evaluate various options for raising capital.

The Bank adheres to the Disclosure norms as per the RBI guidelines under Pillar 3 of Basle II norms.

A Board approved Disclosure Policy is in place. A Disclosure Committee comprising Top Executives has been constituted to ensure adherence to the policy guidelines.

Improvement in awareness of Basle II norms among staff is continuously being enhanced through training, periodical publications of Risk Management Wing, such as 'Risk Focus' and 'Industry Focus'. Knowledge and skill levels of core staff at Corporate Office assigned with the responsibility of implementation of Basle II norms are being constantly upgraded through participation in external trainings, workshops and seminars.

Capital and Reserves

Net worth of the Bank, as at March 2010, stood at Rs.12949 crore compared to Rs.10040 crore as at March 2009. With the paid-up capital at Rs.410 crore, reserves and surplus increased to Rs.14262 crore.

To augment the capital resources, the Bank raised Rs.600.00 Crore through the Innovative Perpetual Tier I Bonds Series II during August 2009. As at March 2010, Capital to Risk Weighted Assets Ratio (CRAR) of the Bank, under Basle II, stood at 13.43%, well above the 9% regulatory benchmark. The medium term objective of the Bank is to maintain the CRAR ratio above 12%.

Capital Adequacy Position of the Bank

Summary of Capital adequacy position of the Bank for the last 5years

(Rs. In crore)

As on March 31'	2006	2007 (Basle I)	2008 (Basle II)	2009 (Basle II)	2010 (Basle II)
Total Tier I Capital	6737.54	7849.79	8148.08	10022.70	12870
Total Tier II Capital	2939.73	6925.24	7250.23	7622.61	7362
Total Capital fund	9677.27	14775.03	15398.31	17645.31	20232
Risk weighted Assets	86237.33	109478.42	116219.98	125110.81	150623
Capital Adequacy Ratio (%)	11.22	13.50	13.25	14.10	13.43

As at March 2010, Capital to Risk Weighted Assets Ratio under Basel II framework of the Bank stood at 13.43%, well above the 9% regulatory benchmark.

Branch Network

As on 31.03.2010, the Bank has 3046 branches, inclusive of its branches at London, Hong Kong, and Shanghai. The Bank had 779 rural, 793 semi-urban, 744 urban and 727 metropolitan branches, besides having 38 Extension Counters. In order to cater to specific niches, the Bank had 118 specialized service branches comprising 7 Savings, 37 SMEs, 17 Overseas, 10 Agri-Finance, 7 NRI, 5 Industrial Finance, 7 Asset Recovery Management, 7 Prime Corporate, 3 Stock Exchange, 3 Capital Market, 3 Mahila Banking, 1 Consumer Finance Branch, 1 Housing Finance branch, 1 branch for physically handicapped persons and 9 Micro Finance branch. The total number of Branches as at 30.06.2010 has increased to 3061.

InfoTech Progress

The Bank took several initiatives in the InfoTech front during the year. As at the end of March 2010, a number of branches were covered under Core Banking Solution (CBS) expanded to 1809, besides 29 Extension Counters, 92 Currency Chests and 80 Service Units (Accounts Section/Clearing Sections/Local Processing Centres/Foreign Departments) along with Integrated Voice Recording System (IVRS) and Internet and Mobile Banking (IMB). Several modules/facilities come along with CBS like SPEED-e-module for enabling clients to deliver instructions through Internet, Funds Transfer Facility for the purpose of online trading, sales and marketing module for marketing purposes, Lending Automation Processing System (LAPS) for Retail and Corporate and Anti-Money Laundering (AML) modules. CBS branches covered 90% of the Bank's total business as at March 2010. The Number of branches under **Core Banking Solution** increased to **2681** as on 16th July 2010, accounting for 96% of the Bank's total business.

As at March 2010, the Bank had 2017 ATMs spread across 728 centres, including 745 offsite ATMs and 180 ATMs in railway stations. It has also set up 150 e-kiosks for booking railway tickets. Debit card base of the Bank further increased to about 50 lakhs as at March 2010.

The Bank implemented Centralised Online Tax Accounting System (Government Business module) in 463 branches and Excise and Service Tax modules in 144 branches, under CBS setup. Sales Tax module has been implemented in all designated branches of Delhi and Maharashtra. Local Processing Centres (LPC) have been established in 25 centres all over India, covering 542 branches. Centralised Pension Processing cell was introduced and 84 branches of Bangalore Metro Circle Office have been covered. The Bank has a well-designed and secured Corporate Network, covering all the Branches/Offices for rolling out network-based delivery channels. All the Circle Offices have been provided with video conference facility.

Our Bank has been enlisted by SEBI as a Self Certified Syndicate Bank to implement Application Supported by Blocked Amount (ASBA) process w.e.f 1st September 2010.

MANPOWER PROFILE

As at March 2010, the Bank had 43380 employees on its rolls, comprising of 41% Officers, 37% Clerks and 22% Substaff category. During the period from 1st April 2009 to 30th June 2009, 25 persons were recruited by the Bank in various cadres out of which 1 belonged to SC and 1 to ST categories. As at 31st March 2010, the number of SC and ST employees on the Bank's rolls stood at 8756 and 2447 respectively, together forming 25.83% of the Bank's total staff strength. Women employees constituted 22% of the Bank's total staff with 9649 women employees featuring on the rolls of the Bank. A total of 156 Ex-servicemen were recruited in various cadres during the period, taking the total number of Ex-servicemen on the Bank's rolls to 1573. Total number of employees with disabilities as at March 2010 stood at 845.

TRAINING/HUMAN RESOURCE DEVELOPMENT:

The HR policies of the Bank have been reinvented and refocused time and again to suit to the changing banking scenario. HR interventions like SPANDAN for bringing attitudinal change among front line staff, PRATIBHA for grooming in-house talents in varied specialised areas and executive grooming through reputed institutes and other significant HR tools like Quality Circles, Study Circles, Staff Meetings and Brain Storming Sessions have been implemented for effective team building and collective excellence. The Bank's quest to enhance the competencies of the workforce will continue through focused and need-based training at various institutes of repute like IIMs, ISB, XLRI, NIBM etc. Customised programmes are also being organized to develop expertise in certain niche areas like Risk Management, Treasury Operations, IT etc.

Specialised training to Senior Management Level / Top Management Level executives are conducted based on the requirement. The Bank has been able to add substantially to the repertoire of knowledge of its officials through this training intervention and motivating them to perform with renewed vigour and enthusiasm.

The Bank has trained 31,587 employees during the year, covering a wide range of functional areas including some of the new training programmes like Control aspects of CBS, Financial Inclusion, Advanced Credit Management, Marketing Programme for Counter Staff, CBS Help Desk Training, Quality reporting for inspecting officials and Programme on Credit Audit, Cluster MSME Programmes, HRMS package, CBS-FCR-Champions, and CASA Marketing. Out of the trained staff, 7047 personnel were women employees, 6715 personnel belonged to the Scheduled Caste category and 1845 personnel who received training were under the Scheduled Tribe category.

TOTAL QUALITY MANAGEMENT

Total Quality Management, the novel concept, which flourished in Japan and later gravitated to other parts of the world, contains myriad tools, which are often used to motivate and inspire the workforce to collectively work towards Organisational Excellence. Our Bank is religiously popularizing the concept of Quality Circle which encourages creative initiatives and cohesive team efforts at grassroots level to solve work related problems and take up projects which paves the way for better service delivery and effective functioning. We conduct Inhouse QC Contests and also nominate QC teams to various external National/International Conventions to present their case studies.

Financial Supermarket:

USubsidiaries, Sponsored Entities and Joint Ventures

Canara bank, with an object of offering 'One Stop Banking Mart' 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 areas. The Bank has taken significant steps towards strengthening fundamentals of these entities so as to emerge as a strong 'Financial Supermarket' in India. All the subsidiaries/sponsored entities/joint ventures of the Bank recorded satisfactory performance during the reporting year.

Commercial Bank of India LLC (CBIL)

CBIL, a joint venture of Canara Bank and State Bank of India, has been operational since April 2004 at Moscow, Russia. The Company earned a profit after tax of USD 2.15 million as 31st March 2010.

Canbank Venture Capital Fund Limited (CVCFL)

CVCFL, the Trustee and Manager of Canbank Venture Capital Fund (CVCF), is a wholly owned Subsidiary of the Bank. Currently, it manages two Funds with a corpus of Rs. 23.85crore. During the financial year 2009-10, CVCFL assisted 95 Ventures involving a sum of Rs.108.90 crore. The Company recorded a profit after tax of Rs.71.027 lakh for the year 2009-10. CVCF is all set to float 5th Fund with a corpus of Rs.500 crore. The Company has been continuously paying dividend.

Can Fin Homes Limited (CFHL)

CFHL, a sponsored entity of Canara Bank, is one of the premier housing finance entities in the country. The Company sanctioned and disbursed loans amounting to Rs.653 crore and Rs.547 crore respectively, taking cumulative sanctions to Rs.6172 crore and disbursement to Rs.5329 crore as at March 2010. The Company posted a profit after tax of Rs.39.18 crore as at March 2010 as against Rs.31.52 crore during the previous year.

Canbank Factors Limited (CFL)

Canbank Factors Limited is a factoring subsidiary of the Bank. The Company achieved a total business turnover of Rs. 3735 crore as at 31 March 2010 and posted a profit after tax of Rs.24.37 crore. The Company paid a dividend of Rs.224 Lakh to the Bank.

Canbank Computer Services Limited (CCSL)UU

Canbank Computer Services Limited is the only Software Company promoted by a Public Sector Bank in the country. CCSL is primarily engaged in IT and software development services, training/consultancy and Registrar and Share Transfer Agency. The Company is a member of the NASSCOM and registered as a Software Solution Provider for World Bank projects. CCSL received orders for managing CBS Help Desk of Canara Bank and its operation is likely to commence from May 2010. The company has been successfully managing the Call Centre activity of Canara Bank and started attending outbound calls also. During the year, the Company also conducted Information System Audit Training for Officials in Inspection Department and IT Department of Pragathi Gramin Bank. The Company recorded a profit after tax of Rs.110.31 lakh as at 31 March 2010.

Canara Bank Securities Limited (CBSL)

Canara Bank Securities Limited (formerly Gilt Securities Trading Corporation Limited) (GSTCL) which was established as a Primary Dealer, has hived off Primary Dealer business to the parent bank. The Company diversified into capital market related activities, mainly stock broking services since 2007. The Company offers stock broking services to both institutional and retail clients. Online Trading Counter for retail customers is its flagship product. The Company entered Currency Derivatives during 2009-10. The Company posted a profit after tax of Rs.6.51 crore as at March 2010. The Company declared its maiden dividend and paid dividend of Rs.4 crore to the Bank.

Canbank Financial Services Limited (Canfina)

Canbank Financial Services Ltd 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 the year, Canfina posted a profit after tax of Rs.2.58 crore. It repaid Rs.326.45 crore out of the funding support of Rs.376.45 crore given by the Bank and proposes to clear the entire liability of Rs.50 crore outstanding, during the current fiscal year.

Canara Robeco Asset Management Company Limited(CRAMC)

To manage assets of Canbank Mutual Fund, M/s Canbank Investment Management Services Ltd (CIMS) was established in 1993. In the year 2007, Canara Bank divested 49% stake of Asset Management Company in favour of M/s Robeco Group NV forming a joint venture, for managing the assets of Canbank Mutual Fund (since renamed as Canara Robeco Mutual Fund). The Company has since been renamed as Canara Robeco Asset Management Company Limited. The JV aims to capture a worth while share of Mutual Fund industry by bringing best international practices and expertise supported by the vast network of the Bank. With a majority share of 51% held by the Bank, Assets Under Management(AUM) of the Company improved to Rs.7632 crore and Corpus fund increased to Rs.5879 crore, with investor base of 3 lakhs as at March 2010. The Company is currently managing 18 schemes. The Fund crossed the milestone AUM of Rs.10000 crore during February 2010. Canara Robeco Asset Management Company was nominated for Best AMC – ranked as the 2nd best AMC at Business world MF Awards and received Best Bond Fund House Award at Lipper Fund Awards 2010. The company has improved its ranking from 26 out of 32 fund houses to 16 out of 37 fund houses as at March 2010.

Canara HSBC Oriental Bank of Commerce Insurance Company Limited

An insurance joint venture floated by the Bank in association with internationally reputed HSBC Insurance (Asia Pacific) Holdings and Oriental Bank of Commerce. The Company was incorporated during September 2007. With a majority shareholding of 51% in the Company, the Bank has ventured into niche segment, with a fine blend of international expertise and its own domestic outreach. The Company commenced its business operations from 16.06.2008 by offering products viz., Child Plan, Saral Bima Plus, Stay Smart, Retire Smart and Saral Bima Plus. In addition, mandatory and non-mandatory Group Credit Protection Schemes were also launched. The Company's assets under management (AUM) during the year stood at Rs.1314 crore as on 31.03.2010. The Company has registered an annualized Premium Equivalent (APE) of Rs.644 crore in its second year of operation. The Company has crossed Rs.1000 Crore in terms of total premium since inception and has become the fastest to achieve this milestone in a record time of 21 months. Out of the 22 private players in the insurance field in India, the Company is ranked the 13th. The Company has doubled its market share at 1.8% during 2009-10 from 0.9% in 2008-09.

Regional Rural Banks (RRBs)

Canara Bank sponsored 3 RRBs in three States with a network of 793 branches, viz., Pragathi Gramin Bank in Karnataka, Shreyas Gramin Bank in the State of Uttar Pradesh and South Malabar Gramin Bank in the State of Kerala. All RRBs sponsored by Canara Bank are profit making as at March 2010 with a combined operating profit level at Rs.165 crore and profit after tax of Rs.108 crore. Aggregate business level of these RRBs crossed the Rs.17,000 crore

mark to reach Rs.17509 crore, comprising Rs.9444 under deposits and Rs.8065 crore under Advances as at March 2010.

Gross NPA ratio of these RRBs was 2.28% and Net NPA was 1.24% as at March 2010. In tune with policy focus to double the credit flow to agriculture sector, the RRBs disbursed an amount of Rs 5125 crore, recording a y-o-y growth of 27.9% during the year under review. Priority sector advances constituted 88.79%. Agriculture credit outstanding stood at Rs.5768 Crore as at March 2010.

During this financial Pragathi Gramin Bank has achieved No. 1 position in South India apart from maintaining the number one position in Karnataka. While South Malabar Gramin Bank continues to occupy No. 1 status in the state of Kerala, Shreyas Gramin Bank was number one under Employee productivity in the State of UP. All the three RRBs are taking necessary steps to implement CBS in all their branches by September 2011.

IV BRIEF HISTORY SINCE INCORPORATION WITH DETAILS OF ACTIVITIES INCLUDING REORGANISATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN CAPITAL STRUCTURE , (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS ,

History of the Bank

Sri Ammembal Subba Rao Pai founded CANARA BANK (hereinafter referred to as "The Bank") in 1906 at Mangalore in the name of Canara Permanent Hindu Fund. It became a Public Ltd. Company in 1910 and the name was changed to Canara Bank Ltd.

In July 1969, Canara Bank Ltd, along with 13 other major banks, was nationalised and is now a Public Sector Bank constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970. Under the provisions of the Banking Regulations Act, 1949, in addition to the business of banking, the Bank can undertake the business as specified under Section 6 of the above Act.

Changes in the Organizational Setup

The Bank brought out further changes in its organizational/operational set-up to facilitate smooth functioning and effective results. The Organizational design and structure are continuously revisited and studied to make inroads for further functional excellence.

The Bank has completely moved towards a 3 tier structure comprising Head Office, Circle Offices and Branches. The re-structuring was effected by delayering the Regional Office setup and thus providing significant opportunities for growth by building stronger clientele relations through faster and effective decisions. The Organizational Structure has been reworked to enable better execution of strategy and ensure smooth functioning.

CAPITAL STRUCTURE OF THE BANK (AS AT MARCH 31, 2010)

No. of shares	Face Value (Rs)	Issue Value (Rs)
A. Authorised Capital 300,00,00,000 Equity Shares of Rs.10/- each	3000,00,00,000	
B. Issued, Subscribed and Paid-up Capital 41,00,00,000 Equity Shares of Rs.10/- each	410,00,00,000	410,00,00,000
C. Paid Up Capital after the Issue 41,00,00,000 Equity Shares of Rs.10/- each		410,00,00,000
D. Share Premium Account		275,00,00,000

CONDENSED FINANCIAL STATEMENT (STAND ALONE)

PROFIT & LOSS A/C	2009-10	2008-09	2007-08	2006-07	2005-06
I. INCOME					
INTEREST EARNED	18751.96	17119.06	14200.74	11364.56	8711.51
OTHER INCOME	2857.90	2311.21	2212.87	1450.95	1377.51
TOTAL	21609.86	19430.27	16413.61	12815.51	10089.02
II. EXPENDITURE					
INTEREST EXPENDED	13071.43	12401.25	10662.94	7337.73	5130.00
OPERATING EXPENSES	3477.63	3065.25	2791.29	2565.31	2347.13
PROVISIONS & CONTINGENCIES	2039.38	1891.35	1394.37	1491.66	1268.67
TOTAL	18588.43	17357.85	14848.60	11394.70	8745.80
NET PROFIT FOR THE YEAR	3021.43	2072.42	1565.01	1420.81	1343.22
III. APPROPRIATIONS					
TRANSFER TO:					
SPECIAL RESERVE	700.00	400.00	300.00	-----	-----
REVENUE RESERVE	865.09	180.03	379.00	722.82	1901.74
STATUTORY RESERVE	760.00	520.00	400.00	360.00	340.00
CAPITAL RESERVE	70.56	588.64	102.00	2.21	1.03
INVESTMENT					
FLUCTUATION RES.	145.78	---	---	---	-1208.15
PROPOSED DIVIDEND	410.00	328.00	328.00	287.00	270.60
DIVIDEND TAX	70.00	55.75	56.00	48.78	38.00
TOTAL	3021.43	2072.42	1565.00	1420.81	1343.22
BALANCE SHEET					
CAPITAL AND LIABILITIES					
CAPITAL	410.00	410.00	410.00	410.00	410.00
RESERVES AND SURPLUS	14261.78	11797.77	10090.49	9943.99	6722.24
DEPOSITS	234651.44	186892.52	154072.42	142381.45	116803.23
BORROWINGS	8440.56	7056.61	2517.23	1574.35	25.82
OTHER LIABILITIES AND PROV	6977.30	13488.91	13438.54	11651.25	8860.57
TOTAL	264741.08	219645.80	180528.68	165961.04	132821.86
ASSETS					
CASH AND BALANCE WITH RBI	15719.46	10036.79	13364.79	9095.19	7914.00
BALANCE WITH BANKERS					
AND MONEY AT CALL	3933.75	6622.99	4513.25	7278.74	4909.56
INVESTMENTS	69676.95	57776.90	49811.57	45225.54	36974.18
ADVANCES	169334.63	138219.40	107238.04	98505.69	79425.70
FIXED ASSETS	2859.37	2929.46	2916.87	2861.35	688.47
OTHER ASSETS	3216.92	4060.26	2684.16	2994.53	2909.95
TOTAL	264741.08	219645.00	180528.68	165961.04	132821.86

Share Capital History (Since nationalization on July 19,1969)

Period ended	Increase/ Decrease in Capital (Rs. In Crores)	Mode	Paid up Capital (Rs in crores)
31.12.1976		Opening Balance	1.75
31.12.1978	3.25	Capitalisation of Reserves	5.00
31.12.1983	2.00	Contribution from Government	7.00
31.12.1985	22.50	Contribution from Government	29.50
31.12.1986	12.00	Contribution from Government	41.50
31.12.1988	3.00	Contribution from Government	44.50
31.03.1989	4.45	World Bank aid towards IEP Scheme*	48.95
31.03.1990	8.96	World Bank aid towards IEP Scheme*	57.91
31.03.1991	17.32	World Bank aid towards IEP Scheme*	
	0.01	Share Capital from Ministry of Finance	75.24
31.03.1992	39.00	World Bank aid towards IEP Scheme*	114.24
31.03.1993	18.67	World Bank aid towards IEP Scheme*	
	75.00	Capital Contribution from Government	207.91
31.03.1994	15.88	World Bank aid towards IEP Scheme*	
	365.00	Capital Contribution from Government	588.79
31.03.1995	1.36	World Bank aid towards IEP Scheme*	590.15
31.03.1996	0.35	World Bank aid towards IEP Scheme*	
	[105.68]	Transferred to Capital Reserve	484.82
31.03.1998	600.00	Additional Capital received from Government of India in the form of 'Recapitalisation Bonds'	
	(507.10)	Write-off of capital (towards Canstar Scheme of Canbank Mutual Fund)	577.72
31.03.1999	0.15	World Bank Line of credit	577.87
01.11.2002	(277.87)	Return of capital to Government of India; simultaneous redemption of equal amount of Recapitalisation Bonds.	300.00
27.12.2002	110	Public Issue of 11 crore equity share @ Rs.10/- face value	410.00

*IEP Scheme - Industrial Export Promotion Scheme.

Consolidated Shareholding Pattern as on 17/09/2010

Category	No.of Holders	Total Shares	% To Equity
PRESIDENT OF INDIA	1	300000000	73.170731%
FOREIGN INSTITUTIONAL INVESTORS	200	46261248	11.283232%
INSURANCE COMPANIES	18	28105760	6.855063%
RESIDENT INDIVIDUALS	89746	18628723	4.543591%
MUTUAL FUNDS	43	11799742	2.877986%
BODIES CORPORATES	952	2962842	0.722644%
EMPLOYEES	4637	1109608	0.270636%
CLEARING MEMBERS	190	388509	0.094758%
BANKS	9	31363	0.007650%
NON RESIDENT INDIANS	748	306309	0.074710%
INDIAN FINANCIAL INSTITUTIONS	1	250000	0.060976%
H U F	420	150296	0.036658%
TRUSTS	4	5600	0.001366%
Total	96969	410000000	100.00 %

DETAILS OF BORROWINGS IN THE PAST:

The Bank has so far raised Tier I/II Capital by way of Private Placement of unsecured, redeemable / perpetual bonds in the nature of Promissory Notes to augment capital adequacy as under:

Issue/ Series	Date of Issue/Allotment	Size (Rs Crore)	Tenor (Months)	Credit Rating	Coupon (% p.a)	Redemptio n Date
I	22.01.1999	183.90	OPT 1 - 63	NOT RATED	13.85	22.04.2004
	22.01.1999	316.10	OPT 2 - 87		14.20	22.04.2006
II	14.12.2000	300.00	76	NOT RATED	11.95	14.04.2007
III	12.09.2001	376.00	67	AA + by CRISIL	9.70	12.04.2007
IV	22.03.2003	84.55	OPT-I, 85	LAAA by ICRA	6.70	22.04.2010
IVA	22.03.2003	75.45	OPT-II 121		6.90	22.04.2013
	22.03.2003	340.00	OPT-II, 109		7.25	22.04.2012
V	31.12.2003	250.00	88	LAAA by ICRA	5.80	30.04.2011
VI	30.09.2004	263.50	116	LAAA by ICRA	6.75	31.05.2014
VII	18.02.2005	500.00	111	AAA BY CRISIL & LAAA (ICRA)	7.05	18.05.2014
VIII	29.09.2005	500.00	115	LAAA BY ICRA AAA/STABLE BY CRISIL	7.40	29.04.2015
IX	01.03.2006	425.00	110	LAAA BY ICRA AAA/STABLE BY CRISIL	8.15	01.05.2015
IXA	15.09.2006	575.00	120	LAAA BY ICRA AAA/STABLE BY CRISIL	8.82	15.09.2016
X	30.03.2007	400.00	120	LAAA BY ICRA AAA/STABLE BY CRISIL	9.90	30.03.2017
XI	09.01.2008	700.00	120	LAAA BY ICRA AAA/STABLE BY CRISIL	9.00	09.01.2018
XII	16.01.2009	325.00	120	"LAAA" by ICRA & "AAA/Negative' by CRISIL	8.08	16.01.2019
UPPER T-II Series -I	16.09.2006	500.00	180	AAA/STABLE BY CRISIL	9.00	16.09.2021*
UPPER T-II Series -II	23.03.2007	500.00	180	AAA/STABLE BY CRISIL	10.00	23.03.2022*
IPDI SERIES I	30.03.2009	240.30	Perpetual	'AAA/negative" by CRISIL & BWRAAA+' by Brickwork	9.00	Not applicable Perpetual *
IPDI SERIES II	18.08.2009	600.00	Perpetual	"AAA /Stable BY CRISIL & "BWRAAA+" by BRICKWORK	9.00	Not applicable Perpetual*
FC BONDS	27.11.2006	250 mn. US \$	120	BB by FITCH BAA2 by MOODY's	6.365	27.11.2016
IPDI SERIES III	03.08.2010	749.30	Perpetual	BWR AAA by BRICKWORK, AAA/Stable by CRISIL	9.05	Not applicable Perpetual*

*The Bonds have Call Option at the end of 10 years and coupon will be stepped up by 0.50% for the remaining years if not called up/if call option not exercised.

Note: 1 Bonds Issued with negative outlook rating by CRISIL has been revised to Stable vide CRISIL Letter N/FSR/CANBANK/2009-10/694 dated July 23, 2009

2 The Bank has redeemed Series I to IV aggregating Rs.1260.55 Crores on the due dates.

V. Securities to be issued and listed under current document

The **UNSECURED REDEEMABLE SUBORDINATED NON CONVERTIBLE UPPER TIER II BONDS SERIES III IN THE NATURE OF PROMISSORY NOTES (Bonds)** are proposed to be listed on the Wholesale Debt Market Segment of The National Stock Exchange of India Limited ('NSE').

Detailed term sheet of the bond issue is given in Section XXIII of this Document.

RATINGS

CRISIL Limited has assigned a **"AAA / Stable"** (pronounced 'Triple A with Stable outlook') rating to the captioned Debt programme of the Bank. This rating indicates highest degree of safety with regard to timely payment of Interest and principal on the instrument.

Brickwork Ratings has assigned **'BWR AAA'** (Pronounced BWR Triple A) (Outlook: STABLE) rating to the captioned Debt issue programme of the Bank. Instruments carrying this rating are considered to offer the Best Credit Quality in terms of timely servicing of debt obligations.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future.

VI. Details of the issue size:

The Bank is intending to raise an aggregate amount of ₹1000 Crore with a through the issue of **UNSECURED REDEEMABLE SUBORDINATED NON CONVERTIBLE UPPER TIER II BONDS SERIES III IN THE NATURE OF PROMISSORY NOTES (Bonds)** of face value of ₹10 lakhs each for cash at par (herein after referred to as 'the Bonds') by way of private placement. The bonds will constitute direct unsecured and subordinated obligations of the Bank, subordinated to the claims of other creditors and depositors of the Bank as regards repayment of principal and interest by the Bank out of its own funds.

Instrument at a Glance:

Issuer	Canara Bank
Instrument	Unsecured, Redeemable, Subordinated Non-Convertible Upper Tier II Bonds Series - III in the nature of Promissory Notes ("Bonds").
Issue Objective	Augmenting Tier II Capital for strengthening the Capital Adequacy and enhancing long term resources of the Bank
Issue Size	₹ 1000 crore (₹ One thousand Crores only)
Face Value	₹ 10,00,000 (₹ Ten Lakhs Only)
Minimum Application	One Bond and in multiples of One bond thereafter
Issue Price	At Par
Security	Unsecured
Nature	Private Placement
Tenor	15 years from the deemed date of allotment
Redemption Date	29.09.2025 (15 years from the DDA). In terms of RBI master circular no DBOD.No.BP.BC. 4. /21.01.002/2010-11 dated 1 st July 2010, these bonds are free of restrictive clauses and are not redeemable at the initiative of the holder or without the consent of the Reserve Bank of India (Department of Banking Operations & Development).
Put Option	None
Call option	Call option may be exercised after the instrument has run for at least ten years; call option shall be exercised only with the prior approval from the RBI (Department of Banking Operations & Development)
Coupon	8.62% per annum for first 10 years
Interest Payment date	Annual, 29 th Sep every year (Subject to RBI norms)

Step Up option	Step up Coupon rate of 0.50% p.a. payable annually for further life which will be exercised only once during the whole life of the instrument , in conjunction with the call option, after the lapse of ten years from the date of issue. In effect, the coupon rate on bonds shall be stepped up to 9.12% p.a for subsequent years. If Call option is not exercised by the Bank at the end of the 10 th year from the deemed date of allotment.
Lock in Clause	These Bonds shall be subjected to Lock in Clause in terms of which, the Bank shall not be liable to pay interest, if (a) the Bank's CRAR is below the minimum regulatory requirement prescribed by RBI or (b) the impact of such payment results in Bank's capital to risk assets ratios (CRAR) falling below or remaining below the minimum regulatory requirement prescribed by the Reserve Bank of India. However, banks may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss provided CRAR remains above the regulatory norm . The interest amount due and remaining unpaid may be allowed to be paid in the later years in cash/ cheque subject to the bank complying with the above regulatory requirement.
Interest on Application Money*	Interest on application money will be paid to investors at Coupon Rate from the date of realization of subscription money upto one day prior to the Deemed Date of Allotment. Such interest shall be payable within seven business days from the Deemed Date of Allotment.
Interest Payment Convention	Actual No of Days / Actual No of Days
Issue Schedule	Issue Opening Date: 27/09/2010 Issue Closing Date: 28/09/2010 Deemed Date of allotment: 29/09/2010
Rating	By CRISIL (AAA Stable) & BRICKWORK (AAA)
Registrars	Canbank Computer Services Ltd
Trustees	Vijaya Bank, Bangalore
Listing	Proposed to be listed on NSE
Depository	NSDL & CDSL
Pay in dates	From 27 th Sep to 28 th Sep 2010
Issue mode	Through demat at NSDL/CDSL – No physical certificates to be issued
Mode of Payment	Only through RTGS
Nature of Bonds	These bonds should be fully paid up, unsecured and free of any restrictive clauses. The claims of the investors in Upper Tier II instruments shall be superior to the claims of investors in instruments eligible for inclusion in Tier I capital; and subordinate to the claims of all other creditors.
Arrangers	A.K. Capital Services Ltd; Almondz Global Securities Ltd; Axis Bank Ltd; Barclays Capital; Deutsche Bank; Edelweiss Capital Limited; ICICI Bank; ING Vysya Bank; Kotak Mahindra Bank; Trust Investment Advisors Pvt Ltd.

* Subject to deduction of tax as applicable

VII . **Details of Utilization of Proceeds**

Objects of the Placement

The present issue of Bonds is being made pursuant to applicable regulations for augmenting our Tier-II capital, for strengthening our capital adequacy ratio and for enhancing long-term resources.

The proceeds of this Issue will be utilised for the regular business activities of the Bank, in line with the estimated growth in risk weighted assets and accordingly to maintain an optimal Capital Adequacy Ratio. The issue expenses will be borne by the Bank. Moreover, listing of the aforesaid bonds will provide liquidity to the investors and will also provide a platform for trading.

VIII . **Material Contracts involving Financial Obligation of the Bank**

Material Documents

- Letter appointing Registrar and Transfer Agents.
- Letter appointing Vijaya Bank as Trustees to the Bond holders

Documents

- Credit Rating Letters for the current placement.
- Board resolution approving the current private placement of bonds.

iii. Consent letters of the Registrar and the Trustee of the Bondholders.

IX. Details of Borrowings in the Past

The Bank has borrowed by way of debt instruments in the past. Please refer page 19 for the details of the same.

X. Material Development

In the opinion of the Directors of the Bank, there have been no material developments after the date of the last financial statements as disclosed in the Disclosure Document which would materially and adversely affect or are likely to affect the trading or profitability of the Bank or the value of its assets, or its ability to pay its liabilities with in the next twelve months, other than what has been already set out else where in this Disclosure Document.

XI. Debt Securities issued for consideration other than cash at premium or at discount in pursuance of an Option

There were no debt securities for consideration other than cash.

XII. Top Ten holders of each class and kind of securities:

TIER II – SERIES IV – OPT – 2(As on 23.09.2010)

INE476A09074

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	THE PEERLESS GENERAL FINANCE & INVESTMENT 3 ESPLANADE EAST PEERLESS BHAVAN KOLKATA 700 069	300	19.88
2	BANK OF INDIA GRATUITY FUND TERMINAL BENEFITS DIV, HR DEPT, 3RD FLOOR, H O STAR HOUSE, C-5, 'G' BLOCK, B.K.C.BANDRA (E), MUMBAI -400051	200	13.25
3	BANK OF INDIA (EMPLOYEES) PENSION FUND, TERMINAL BENEFITS DIV, HR DEPT, 3RD, FLOOR, H.O.STAR HOUSE, C-5, 'G' BLOCK, B.K.C. BANDRA (E) MUMBAI - 400051	200	13.25
4	CANARA BANK STAFF PROVIDENT FUND NAVEEN COMPLEX (H O ANNEXE) 14, M G ROAD, BANGALORE – 560001	133	8.81
5	VIJAYA BANK STAFF PROVIDENT FUND VIJAYA BANK 41/2, MAHATMA GANDHI ROAD, TRINITY CIRCLE BANGALORE – 560001	100	6.63
6	PUNJAB NATIONAL BANK EMPLOYEES PROVIDENT FUND H/O PF DEPTT, 3RD FLOOR, RAJENDRA BHAWAN, RAJENDRA PLACE, NEW DELHI – 110008	100	6.63
7	INDIAN BANK STAFF PROVIDENT FUND INDIAN BANK BUILDING NO.31, RAJAJI SALAI, CHENNAI - 600001	100	6.63
8	TRUSTEES CENTRAL BANK OF INDIA EMPLOYEES PROVIDENT FUND DEPARTMENT, NCL BUILDING, 4TH FLOOR, BANDRA KURLA COMPLEX, BANDRA (EAST), MUMBAI - 400051	100	6.63
9	TRUSTEES CENTRAL BANK OF INDIA EMPLOYEES PENSION FUND DEPARTMENT , NCL BUILDING, 5TH FLOOR, BANDRA KURLA COMPLEX, BANDRA (EAST), MUMBAI - 400051	100	6.63
10	COAL MINES PROVIDENT FUND C/O ICICI SECURITIES PRIMARY DEALERSHIP LIMITED ICICI CENTRE, H. T. PAREKH MARG , CHURCHGATE MUMBAI – 400020	100	6.63

TIER – II - SERIES – IVA (As on 23.09.2010) INE 476A08019

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	CBT EPF EPS A/C HSBC AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	2680	39.41
2	CBT EPF EPF A/C ICICI PRUDENTIAL AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	2120	31.18
3	LIFE INSURANCE CORPORATION OF INDIA INVESTMENT DEPARTMENT 6TH FLOOR, WEST WING, CENTRAL OFFICE YOGAKSHEMA, JEEVAN BIMA MARG MUMBAI 400021	1800	26.47
4	CBT EPF EDLI A/C HSBC AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	200	2.94

TIER – II - SERIES - V (As on 23.09.2010) IN476A09082

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	COAL MINES PROVIDENT FUND C/O ICICI SECURITIES PRIMARY DEALERSHIP LIMITED ICICI CENTRE, H. T. PAREKH MARG CHURCHGATE MUMBAI 400020	1900	76
2	BANK OF INDIA PROVIDENT FUND BANK OF INDIA, HEAD OFFICE, TERM INAL BENEFITS DIV, H R DEPT, 3RD FLOOR STAR HOUSE, C-5 'G' BLOCK, H O , B K C BANDRA (E) MUMBAI- 400 051	200	8
3	PUNJAB NATIONAL BANK EMPLOYEES PENSION FUND PUNJAB NATIONAL BANK THIRD FLOOR, RAJENDRA BHAWAN, RAJENDRA PLACE NEW DELHI – 110008	100	4
4	NATIONAL THERMAL POWER CORPORATION EMPLO NTPC SCOPE COMPLEX, CORE 7 LODHI ROAD DELHI – 110003	50	2
5	TATA MOTORS LIMITED GRATUITY FUND BOMBAY HOUSE, 24 HOMI MODY STREET, FORT, MUMBAI - 400001	50	2
6	BANK OF INDIA TREASURY BRANCH, HEAD OFFICE, STAR HOUSE, 7TH FLOOR C-5, 'G' BLOCK, BANDRA KURLA COMPLEX BANDRA (EAST) MUMBAI-400051	50	2
7	THE SARASWAT CO. OPERATIVE BANK LTD. EMPLO MADHUSHREE, 2ND FLOOR, PLOT 85, SECTOR - 17 DISTRICT BUSINESS CENTRE, VASHI, NAVI MUMBAI - 400703	28	1.12
8	TRUSTEES OF IDBI PENSION FUND C/O IDBI CAPITAL MARKET SERVICES LTD 5TH FLOOR, MAFATLAL CENTRE, NARIMAN POINT MUMBAI – 400021	24	0.96
9	ONGC SELF CONTRIBUTORY POST RETIREMENT A PRSB SECTION, BASEMENT, OLD SECRETARIAT BLDG	17	0.68

	ONGC, TEL BHAVAN, DEHRADUN-248003		
10	OIL AND NATURAL GAS CORPORATION LIMITED TEL BHAWAN, DEHRADUN - 248003	15	0.60

TIER – II – SERIES – VI (As on 23.09.2010)
INE476A09108

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	LIFE INSURANCE CORPORATION OF INDIA INVESTMENT DEPARTMENT 6TH FLOOR, WEST WING, CENTRAL OFFICE YOGAKSHEMA, JEEVAN BIMA MARG, MUMBAI 400021	1000	37.95
2	DELHI DEVELOPMENT AUTHORITY VIKAS SADAN, INA, NEW DELHI 110023	200	7.59
3	FOOD CORPORATION OF INDIA CPF TRUST KHADYA SADAN 13TH FLOOR 16 20 BARAKHAMBHA LANE, NEW DELHI 110001	130	4.93
4	CANARA BANK STAFF PROVIDENT FUND NAVEEN COMPLEX (H O ANNEXE), 14 M G ROAD BANGALORE 560001	100	3.80
5	CANARA BANK (EMPLOYEES) PENSION FUND NAVEEN COMPLEX (H O ANNEXE), 14 M G ROAD BANGALORE 560001	100	3.80
6	BOARD OF TRUSTEES FOR BOKARO STEEL EMPLO P.F. ACCOUNT OLD ADM. BLDG., SAIL, BOKARO STEEL PLANT BOKARO STEEL CITYM, BOKARO 827001	100	3.80
7	AXIS BANK LIMITED A WING, 3RD FLR BEZZOLA COMPLEX, SUMAN NAGAR SION TROMBAY ROAD, CHEMBUR MUMBAI 400007	100	3.80
8	SYNDICATE BANK F I M DEPARTMENT, MAKER TOWERS E II FLOOR CUFFE PARADE COLABA, MUMBAI 400005	100	3.80
9	BHEL EMPLOYEES PROVIDENT FUND BHARAT HEAVY ELECTRICAL LIMITED TIRUCHIRAPALLI 620014	58	2.20
10	UCO BANK (EMPLOYEES) PENSION FUND 3RD FLOOR 3-4 DD BLOCK SECTOR 1 SALT LAKE KOLKATA – 700 064	50	1.90

TIER - II – SERIES – VII (As on 23.09.2010) INE476A09116

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	COAL MINES PROVIDENT FUND C/O ICICI SECURITIES PRIMARY DEALERSHIP LIMITED ICICI CENTRE, H. T. PAREKH MARG, CHURCHGATE MUMBAI 400020	1210	24.20
2	LIFE INSURANCE CORPORATION OF INDIA INVESTMENT DEPARTMENT 6TH FLOOR, WEST WING, CENTRAL OFFICE YOGAKSHEMA, JEEVAN BIMA MARG, MUMBAI 400021	1125	22.50
3	PUNJAB NATIONAL BANK EMPLOYEES PROVIDENT H/O PF DEPTT, 3RD FLOOR, RAJENDRA BHAWAN RAJENDRA PLACE, NEW DELHI 110008	265	5.30
4	BHARAT HEAVY ELECTRICALS EMPLOYEES GRATU BHEL HOUSE, SIRI FORT, NEW DELHI 110049	170	3.40
5	OIL AND NATURAL GAS CORPORATION LIMITED TEL BHAWAN, DEHRADUN 248003	151	3.02
6	CANARA BANK (EMPLOYEES) PENSION FUND NAVEEN COMPLEX (H O ANNEXE), 14 M G ROAD	150	3.00

	BANGALORE 560001		
7	BANK OF INDIA TREASURY BRANCH, HEAD OFFICE, STAR HOUSE, 7TH FLOOR, C-5, 'G' BLOCK, BANDRA KURLA – COMPLEX, BANDRA (EAST) MUMBAI – 400051	150	3.00
8	FOOD CORPORATION OF INDIA CPF TRUST KHADYA SADAN 13TH FLOOR, 16 20 BARAKHAMBHA LANE NEW DELHI 110001	150	3.00
9	PUNJAB NATIONAL BANK HSBC SECURITIES SERVICES, 2ND FLOOR, 'SHIV' PLOT NO.139- 140B, WESTERN EXPRESS HIGHWAY, SAHAR ROAD JUNCT, VILE PARLE (E) MUMBAI 400 057	150	3.00
10	UCO BANK TREASURY BRANCH, UCO BANK BUILDING MEZZANINE FLOOR, 359 DR D N ROAD FORT MUMBAI 400001	100	2.00

TIER – II – SERIES – VIII (As on 23.09.2010) INE476A09124

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	CBT EPF EPF A/C HSBC AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	1588	31.76
2	TRUSTEES CENTRAL BANK OF INDIA EMPLOYEES PROVIDENT FUND DEPARTMENT, NCL BUILDING, 4TH FLOOR, BANDRA KURLA COMPLEX, BANDRA (EAST), MUMBAI 400051	200	4.00
3	CANARA BANK STAFF PROVIDENT FUND NAVEEN COMPLEX (H O ANNEXE), 14 M G ROAD BANGALORE 560001	170	3.40
4	CBT EPF EPF A/C ICICI PRUDENTIAL AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	150	3.00
5	IDBI BANK LIMITED - TBO IDBI LIMITED, IDBI TOWER 17TH FLOOR WORLD TRADE CENTRE COMPLEX, CUFFE PARADE MUMBAI 400005	133	2.66
6	CANARA BANK (EMPLOYEES) PENSION FUND NAVEEN COMPLEX (H O ANNEXE), 14 M G ROAD BANGALORE 560001	120	2.40
7	VIJAYA BANK TREASURY MANAGEMENT DEPARTMENT HEAD OFFICE , 41/2. M G ROAD, TRINITY CIRCLE BANGALORE - 560001	100	2.00
8	BANK OF BARODA SPECIALIZED. INTEGRATED TREASURY BRANCH, KALPATARU HERITAGE BUILDING 6TH FLOOR. NANIK MOTWANE MARG, MUMBAI 400023	100	2.00
9	PUNJAB NATIONAL BANK EMPLOYEES GRATUITY PUNJAB NATIONAL BANK PROVIDENT FUND DEPARTMENT H/O RAJENDRA BHAWAN, RAJENDRA PLACE, NEW DELHI 110008	100	2.00
10	INDIAN BANK INDIAN BANK , TREASURY BRANCH KREST BUILDING , 2 , JEHANGIR STREET, HARBOUR	100	2.00

CHENNAI 600001		
----------------	--	--

TIER - II – SERIES - IX (As on 23.09.2010) INE476A09132

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	CBT EPF EPS A/C HSBC AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	1600	37.65
2	COAL MINES PROVIDENT FUND C/O ICICI SECURITIES PRIMARY DEALERSHIP LIMITED ICICI CENTRE, H. T. PAREKH MARG, CHURCHGATE MUMBAI 400020	540	12.71
3	CBT EPF EPS A/C ICICI PRUDENTIAL AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	400	9.41
4	COAL MINES PENSION FUND STATE BANK OF INDIA, SECURITIES SERVICES BRANCH, MAIN BRANCH BLDG, 2ND FL,FORT, MUMBAI 400001	400	9.41
5	CANARA BANK STAFF PROVIDENT FUND NAVEEN COMPLEX (H O ANNEXE) 14 M G ROAD, BANGALORE 560001	250	5.88
6	SEAMENS PROVIDENT FUND ACCOUNT KRUPANIDHI,3RD FLOOR 9, WALCHAND HIRACHAND MARG, BALLARD ESTATE MUMBAI 400001	120	2.82
7	STATE BANK OF BIKANER AND JAIPUR EMPLOY STATE BANK OF BIKANER AND JAIPUR PENSION, PROVIDENT FUND, GRATUITY DEPARTMENT , HEAD OFFICE TILAK MARG, JAIPUR – 302005	100	2.35
8	BHARAT EARTH MOVERS LTD. PROVIDENT FUND BEML SOUDHA 23/1 4TH MAIN ROAD SAMPANGIRAMA NAGAR BANGALORE – 560027	100	2.35
9	CANARA BANK EMPLOYEES GRATUITY FUND CANARA BANK, NAVEEN COMPLEX (H O ANNEXE) 14 M G ROAD, BANGALORE 560001	100	2.35
10	PUNJAB NATIONAL BANK EMPLOYEES PENSION F PUNJAB NATIONAL BANK THIRD FLOOR, RAJENDRA BHAWAN RAJENDRA PLACE NEW DELHI 110008	100	2.35

TIER – II – SERIES - IX A (As on 23.09.2010)
INE476A09140

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	COAL MINES PROVIDENT FUND C/O ICICI SECURITIES PRIMARY DEALERSHIP LIMITED ICICI CENTRE, H. T. PAREKH MARG CHURCHGATE MUMBAI 400020	870	15.13
2	CBT EPF EPS A/C HSBC AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS	799	13.90

	OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042		
3	COAL MINES PENSION FUND STATE BANK OF INDIA, SECURITIES SERVICES BRANCH, MAIN BRANCH BLDG, 2ND FL,FORT MUMBAI 400001	780	13.57
4	NATIONAL THERMAL POWER CORPORATION LIMIT NTPC BHAWAN, SCOPE COMPLEX DELHI 110003	315	5.48
5	CANARA BANK STAFF PROVIDENT FUND NAVEEN COMPLEX (H O ANNEXE), 14 M G ROAD BANGALORE 560001	300	5.22
6	EXPORT CREDIT GUARANTEE CORPORATION OF I NIRMAL BLDG, 5TH FLOOR 241/242, BACKBAY RECLAMATION NARIMAN POINT MUMBAI 400021	300	5.22
7	OIL INDIA EMPLOYEES' PENSION FUND DULIAJAN, P. O. DILIAJAN DISTRICT- DIBRUGARH ASSAM - 786602	150	2.61
8	CANARA BANK (EMPLOYEES) PENSION FUND HO ANNEX, NAVEEN COMPLEX, NO 14 M G ROAD BANGALORE 560001	100	1.74
9	BANK OF BARODA SPECIALIZED.INTEGRATED TREASURY BRANCH KALPATARU HERITAGE BUILDING 6TH FLOOR.NANIK MOTWANE MARG MUMBAI 400023	150	2.61
10	INDIA ASSOCIATED TOBACCO COMPANIES PROVI ITC LIMITED CHOWRINGHEE ROAD KOLKATA 700071	100	1.74

UPPER TIER II – SERIES I (As on 23.09.2010) INE476A09517

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	LIFE INSURANCE CORPORATION OF INDIA INVESTMENT DEPARTMENT 6TH FLOOR, WEST WING, CENTRAL OFFICE, YOGAKSHEMA, JEEVAN BIMA MARG, MUMBAI - 400021	5000	100

UPPER TIER II – SERIES II (As on 23.09.2010) INE476A09165

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	LIFE INSURANCE CORPORATION OF INDIA INVESTMENT DEPARTMENT 6TH FLOOR, WEST WING, CENTRAL OFFICE, YOGAKSHEMA, JEEVAN BIMA MARG, MUMBAI - 400021	5000	100

TIER – II - SERIES - X (As on 23.09.2010) INE476A09173

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	CBT EPF EPF A/C RELIANCE CAPITAL AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	2999	74.98
2	CBT EPF EPS A/C HSBC AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	964	24.10
3	CBT EPF EDLI A/C HSBC AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	33	0.82
4	CBT EPF SPF A/C ICICI PRUDENTIAL AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	4	0.10

TIER – II - SERIES XI (As on 23.09.2010) INE476A09181

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	CBT EPF EPS A/C HSBC AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	1419	20.27
2	COAL MINES PROVIDENT FUND C/O ICICI SECURITIES PRIMARY DEALERSHIP LIMITED ICICI CENTRE, H. T. PAREKH MARG CHURCHGATE MUMBAI 400 020	680	9.71
3	CBT EPF EPS A/C HSBC AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	600	8.57
4	SAHARA INDIA FINANCIAL CORPORATION LTD 25 28, ATLANTA NARIMAN POINT NARIMAN POINT MUMBAI 400021	498	7.11
5	BANK OF BARODA (EMPLOYEES) PENSION FUND BARODA HOUSE, FIRST FLOOR, MANDVI , BARODA - 390006	500	7.14
6	CENTRAL BOARD OF TRUSTEES EMPLOYEES PROV STATE BANK OF INDIA EPFO SECURITIES SERVICES BRANCH IIND FLOOR MUMBAI MAIN BRANCH MUMBAI SAMACHAR MARG, MUMBAI - 400023	440	6.29
7	BAJAJ AUTO LIMITED BOMBAY / PUNE ROAD AKURDI PUNE 411035	250	3.57
8	UCO BANK (EMPLOYEES) PENSION FUND 3RD FLOOR 3-4 DD BLOCK SECTOR 1, SALT LAKE KOLKATA 700 064	200	2.86
9	WIPRO SYSTEMS PROVIDENT FUND TRUST SARJAPUR RD DODDA KANNELLI BANGALORE 560035	140	2.00
10	UCO BANK EMPLOYEES PROVIDENT FUND UCO BANK PERSONNEL DEPTT P F SECTION NEW ADMN BLDG 3RD FLR 3 AND 4 DD BLOCK SECTOR 1 SALT LAKE KOLKATA - 700064	100	1.43

TIER – II - SERIES - XII (As on 23.09.2010)
INEA476A09199

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	CBT EPF EPS A/C HSBC AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	1750	53.85

2	CBT EPF EPS A/C RELIANCE CAPITAL AMC LTD HDFC BANK LTD CUSTODY SERVICES LODHA - I THINK TECHNO CAMPUS OFF FLR 8, NEXT TO KANJURMARG STN KANJURMARG EAST MUMBAI - 400042	1500	46.15
----------	---	------	-------

INNOVATIVE PERPETUAL TIER I SERIES-I (As on 23.09.2010)
INE476A09207

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	BANK OF BARODA SPECIALIZED INTEGRATED TREASURY BRANCH KALPATARU HERITAGE BUILDING 6TH FLOOR. NANIK MOTWANE MARG MUMBAI - 400023	250	10.40
2	INDIAN OVERSEAS BANK TREASURY (DOMESTIC) CENTRAL OFFICE 763, ANNASALAI CHENNAI 600 002	200	8.32
3	BANK OF INDIA TREASURY BRANCH HEAD OFFICE, STAR HOUSE, 7TH FLOOR C-5, G BLOCK, BANDRA KURLA COMPLEX BANDRA(EAST), MUMBAI – 400 051	165	6.87
4	ORIENTAL BANK OF COMMERCE TREASURY DEPARTMENT A 30 33 A BLOCK, 1ST FLOOR CONNAUGHT PLACE NEW DELHI 11 0001	150	6.24
5	UNION BANK OF INDIA C/O ILFS, ILFS HOUSE, PLOT NO.14, RAHEJA VIHAR, CHANDIVALI ANDHERI(E) MUMBAI- 400 072	150	6.24
6	CENTRAL BANK OF INDIA TREASURY DEPARTMENT CHANDRAMUKHI BUILDING, NARIMAN POINT MUMBAI – 400 021	150	6.24
7	THE WEST BENGAL STATE CO-OPERATIVE BANK 24 A, WATERLOO STREET, KOLKATA 700069	100	4.16
8	UCO BANK TREASURY BRANCH UCO BANK BUILDING MEZZANINE FLOOR 359 DR D N ROAD FORT MUMBAI 400001	100	4.16
9	CHHATTISGARH STATE ELECTRICITY BOARD (CS) SHED NO 1 DANGANIA	100	4.16
10	SYNDICATE BANK EMPLOYEES PROVIDENT FUND SYNDICATE BANK POST BOX NO.1 MANIPAL – 576 104	100	4.16

INNOVATIVE PERPETUAL TIER I SERIES-II (As on 23.09.2010)
INE476A09215

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	STATE BANK OF INDIA SBI SG Global Secu. Serv. P. L. Jeevan Seva Extension Bldg.Gr. Floor S.V. Road, Santacruz W Mumbai	3000	50.00
2	CANARA BANK STAFF PROVIDENT FUND NAVEEN COMPLEX (H O ANNEXE) 14 M G ROAD	400	6.67

	BANGALORE 560001		
3	UCO BANK (EMPLOYEES) PENSION FUND 3RD FLOOR 3-4 DD BLOCK SECTOR 1 SALT LAKE KOLKATA - 700064	200	3.33
4	UCO BANK EMPLOYEES PROVIDENT FUND UCO BANK PERSONNEL DEPTT P F SECTION NEW ADMN BLDG 3RD FLR 3 AND 4 DD BLOCK SECTOR 1 SALT LAKE KOLKATA 700064	200	3.33
5	HVPNL EMPLOYEES PENSION FUND TRUST SHAKTI BHAWAN, SECTOR 6 PANCHKULA 134109	200	3.33
6	SYNDICATE BANK F I M DEPARTMENT MAKER TOWERS E II FLOOR CUFFE PARADE COLABA MUMBAI 400005	200	3.33
7	UNION BANK OF INDIA (EMPLOYEES') PENSION 8 TH FLOOR, UNION BANK BHAVAN, 239,VIDHAN BHAVAN MARG NARIMAN POINT MUMBAI 400021	200	3.33
8	INDIAN OVERSEAS BANK EMPLOYEES' PENSION IOB EMPLOYEES' PENSION FUND 762, ANNA SALAI CENTRAL OFFICE CHENNAI 600002	100	1.67
9	CANARA BANK EMPLOYEES GRATUITY FUND CANARA BANK NAVEEN COMPLEX (H O ANNEXE) 14 M G ROAD BANGALORE 560001	100	1.67
10	HPGCL EMPLOYEES PENSION FUND TRUST SHAKTI BHAWAN SECTOR 6 PANCHKULA HARYANA 134109	100	1.67

INNOVATIVE PERPETUAL TIER I SERIES-III (As on 23.09.2010)
INE476A09223

SL. NO	Name of the Bondholder / Address	Number of Bonds	% of Holding
1	KENDRIYA VIDYALAYA SANGATHAN EMPLOYEES P KENDRIYA VIDYALAYA SANGATHAN 18 INSTITUTIONAL AREA SHAHID JEET SINGH MARG NEW DELHI 110016	1000	13.25
2	SRI SATHYA SAI CENTRAL TRUST PRASANTHI NILAYAM ANANTAPUR DIST (AP) ANANTAPUR 515134	680	9.08
3	RELIANCE LIFE INSURANCE COMPANY LIMITED DEUTSCHE BANK AG DB HOUSE, HAZARIMAL SOMANI MARG POST BOX NO. 1142, FORT MUMBAI 400001	500	6.67
4	CANARA BANK STAFF PROVIDENT FUND NAVEEN COMPLEX (H O ANNEXE) 14 M G ROAD BANGALORE 560001	450	6.01

5	YES BANK LIMITED 2ND FLOOR, TIECICON HOUSE DR E MOSES ROAD OPP FAMOUS STUDIO MAHALAXMI, MUMBAI 400011	429	5.73
6	BANK OF BARODA PROVIDENT FUND TRUST BARODA HOUSE 4TH FLOOR MANDVI BARODA 390006	250	3.34
7	BANK OF BARODA (EMPLOYEES) PENSION FUND BARODA HOUSE FIRST FLOOR MANDVI BARODA 390006	250	3.34
8	UNION BANK OF INDIA (EMPLOYEES') PENSION 8 TH FLOOR, UNION BANK BHAVAN, 239,VIDHAN BHAVAN MARG NARIMAN POINT MUMBAI 400021	250	3.34
9	THE ORIENTAL INSURANCE COMPANY LIMITED THE ORIENTAL INSURANCE COMPANY LIMIT ORIENTAL HOUSE, P B 7037, A-25/27, ASAF ALI ROAD, NEW DELHI 110002	200	2.67
10	CORPORATION BANK CORPORATION BANK, GENERAL ACCOUNT INVESTMENT DIVISION 15 MITTAL CHAMBERS 1ST FLOOR NARIMAN POINT MUMBAI 400021	155	2.07

EQUITY (As on 17.09.2010)

Top 10 Shareholders as on 17.09.2010					
DPID	ClientId	Name	Total Shares	% To Equity	Category
19300	1301930000307638	PRESIDENT OF INDIA	300000000	73.170732%	POI
IN300812	10000012	LIFE INSURANCE CORPORATION OF INDIA	12681419	3.093029%	INS
IN300812	10491970	LIC OF INDIA - MARKET PLUS	5035762	1.228235%	INS
IN300812	10492462	LIC OF INDIA MONEY PLUS	4466622	1.089420%	INS
IN300054	10006822	SANFORD C BERNSTEIN AND CO. DELAWARE BUSINESSTRUST	3192000	0.778537%	FII
IN300167	10014554	RELIANCE CAPITAL TRUSTEE CO. LTD A/C RELIANCEBANKI	2321168	0.566139%	MUT
IN300167	10012569	DEUTSCHE SECURITIES MAURITIUS LIMITED	2232493	0.544510%	FII
IN300812	10494866	LIC OF INDIA MARKET PLUS - 1	2226984	0.543167%	INS
IN300167	10032042	SANFORD C. BERNSTEIN FUND, INC.	1928000	0.470244%	FII
I3900	1601390000001543	RELIANCE CAPITAL TRUSATEE COMPANY LIMITED A/C RELIA	1610348	0.392768%	MUT
Total			335694796	81.876781	

XIII. Undertaking to use a Common form of Transfer

The transfer of bonds in dematerialized form would be in accordance with the rules / procedures as prescribed by NSDL / CDSL / Depository Participant

XIV. Redemption Amount, Period of Maturity, Yield on Redemption:

Tenor/Maturity	15 years from the deemed date of allotment
Coupon Rate	8.62% p.a. for first 10 years
Step Up option	Step up Coupon rate of 0.50% p.a. payable annually for further life which will be exercised only once during the whole life of the instrument , in conjunction with the call option, after the lapse of ten years from the date of issue. In effect, the coupon rate on bonds shall be stepped up to 9.12% p.a for subsequent years. If Call option is not exercised by the Bank at the end of the 10 th year from the deemed date of allotment.
Redemption	29.09.2025 (15 years from the DDA). In terms of RBI master circular no DBOD.No.BP.BC. 4. /21.01.002/2010-11 dated 1 st July 2010, these bonds are free of restrictive clauses and are not redeemable at the initiative of the holder or without the consent of the Reserve Bank of India (Department of Banking Operations & Development).
Minimum Application	One Bond and in multiples of One Bond there after
Trading	The bonds will be traded in dematerialized form
Depository	NSDL & CDSL
Security	Not Applicable. The bonds are unsecured in nature.
Settlement	Payment of interest and principal will be made by way of RTGS

XV. Terms of Offer
Disputes & Governing Law

The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising there of will be subject to the jurisdiction of courts at Bangalore.

Authority for the present Issue

The present private placement of Unsecured Non-Convertible Upper Tier II Bonds Series III in the nature of Promissory Notes is being made in accordance with extant RBI guidelines vide its master circular No.DBOD.No.BP.BC.4/21.01.002/2010-11 dated July 01, 2010 on Prudential norms on Capital Adequacy/Basel I frame work and conditions applicable to Upper Tier II Bonds to qualify for inclusion as Tier I capital. The private placement of Bonds under the terms of this Disclosure Document is being made pursuant to the approval given by the Board of Directors of the Bank in their meeting held on July 17, 2010.

The Bonds to be raised are within the overall borrowing powers of the Bank. This being a private placement of debt securities, the eligibility norms of SEBI (DIP) Guidelines, 2000 shall not be applicable. Further the Bank, its promoter, its associates and companies with which the directors of the Bank are associated as directors or promoters are not prohibited from accessing the capital market/ debt securities market under any order or directions passed by SEBI. The Bank can undertake the proposed issue of bonds in view of the present approvals and no further approval from any government authority (ies)/ Reserve Bank of India (RBI) is required by the Bank in this connection.

Issue Price

The Bonds are proposed to be offered at face value of Rs.10 Lakhs per bond payable on application

Deemed date of allotment

The Bonds would be deemed to be allotted on **29.09.2010** or any other date, as may be decided by the Bank. In case the closing date is extended, the deemed date of allotment shall be a date within one month from such extended closing date of the issue as may be decided by the Bank in consultation with the arrangers. All benefit/s relating to the bonds will be available to the investors from the deemed date of allotment.

Credit Rating

CRISIL Limited has assigned a “**AAA / Stable** “(pronounced ‘Triple A with Stable outlook’) rating to the captioned Debt programme of the Bank. This rating indicates highest degree of safety with regard to timely payment of Interest and principal on the instrument.

Brickwork Ratings has assigned ‘**BWR AAA**’ (Pronounced BWR Triple A) (Outlook: STABLE) rating to the captioned Debt issue programme of the Bank. Instruments carrying this rating are considered to offer the Best Credit Quality in terms of timely servicing of debt obligations.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future.

Listing

The **UNSECURED REDEEMABLE SUBORDINATED NON CONVERTIBLE UPPER TIER II BONDS Tier II (Series-III)** are proposed to be listed on the Wholesale Debt Market Segment of The National Stock Exchange of India Limited (‘NSE’).

Security

The Bonds are unsecured in nature.

Payment of Interest

Interest on Bond(s) shall be payable annually (subject to deduction of tax at source at the rates prevailing from time to time under the provisions of the Income Tax Act 1961 or any other Statutory Modifications or Re Enactment thereof). The first interest payment will be made from the date of realization of the Cheque /DD upto one day prior to the Deemed date of allotment. Subsequent interest payments shall be made annually every year from the Deemed date of allotment.

If any interest payment date falls on a day, which is not a business day (“business day”, being a day on which Commercial Banks are open for business in the state of Karnataka), then payment of interest will be made on the next business day but without liability for making payment of interest for the delayed period.

Computation of Interest

Interest / Interest on application money will be paid at the coupon rate on actual days / actual days basis on principal amount of the bonds outstanding from time to time

Market Lot

The market lot will be one bond since the trading is to be done compulsorily in dematerialized mode.

Tax Deduction at Source, if applicable

Those desirous of claiming exemption from deduction of income tax at source as per the Income Tax Act, 1961 on the interest on application money, are required to submit a certificate on form 15 G/15-H, in duplicate, along with the Application form in terms of Income Tax rules.

The interest payable subsequent to the DEEMED DATE OF ALLOTMENT will be treated as "Interest on Securities" as per Income Tax rules and those desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds will have to submit a certificate on form issued by A.O., Income Tax Officer on Form 15AA under Income Tax Rules, 1962, in duplicate, periodically so as to reach Canara Bank, Treasury & Investments Division, Treasury & International Operations Wing, 7th Floor, Maker Chambers III, Nariman Point, Mumbai 400 021 at least one month before the due date of payment of yearly interest

Issue of Bonds in Dematerialized Form

The Bank will be issuing the Bonds in dematerialized form. The Bank will be opening the accounts with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for issuing these Bonds. Applicant should mention their Depository Participant's name, DPID and Beneficiary Account Number in the appropriate place in the Application Form. The Bank will take necessary steps to credit the Depository Account of the allottee(s) with the number of bonds allotted.

Transfer of Bonds

The transfer of bonds in dematerialized form would be in accordance with the rules/procedures as prescribed by Depository/Depository Participant.

Put Option

None

Call Option/ Option for Early Redemption

In terms of RBI guidelines vide its master circular no. DBOD.No.BP.BC.11/21.06.001/2008-09 dated July 01, 2008 on Prudential Guidelines on Capital Adequacy and Market Discipline Call option may be exercised after the instrument has run for at least ten years; call option shall be exercised only with the prior approval from the RBI (Department of Banking Operations & Development)

In effect, the Bank shall have the option of redeeming the Bonds at par, subject to the prior approval of the RBI and in accordance with applicable laws and regulations in effect at the time (relating to among other things, capital adequacy position of the Bank both at the time of exercise of the call option and after exercise of the call option), in whole but not in part, on September 29, 2020 (i.e. at the end of 10th year from the Deemed Date of Allotment) or thereafter on each anniversary date, at a redemption price equal to the principal amount of the Bonds plus accrued interest.

In case of exercise of Call Option by the Bank, the Bank shall notify its intention to do so through a public notice at least in one English newspaper circulating in whole or substantially the whole of India and one daily newspaper published in the language of Karnataka and/ or through notice sent by registered post/ courier to the sole/ first allottee or sole/ first Beneficial Owner of the Bonds at least 1 (one) month prior to the due date at their registered address.

In case if the Call Option due date falls on a day which is not a Business Day ('Business Day' being a day on which Commercial Banks are open for business in the state of Karnataka), then the payment due shall be made on the next Business Day together with additional interest for the intervening period.

Payment on exercise of Call Option will be made by cheque(s)/ redemption warrants(s)/ demand draft(s)/ credit through RTGS system 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/ Book Closure Date. On the Bank dispatching the redemption warrants to such Beneficiary (ies) by registered post/ courier, the liability of the Bank shall stand extinguished.

The Bonds shall be taken as discharged on payment of the redemption amount by the Bank on exercise of Call Option to the list of Beneficial Owners as provided by the Depository to the Bank as on the 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 will inform NSDL/ CDSL/ Depository Participant and accordingly the account of the Bondholders with NSDL/ CDSL/ Depository Participant will 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 date of exercise of Call Option in all events. Further the Bank will not be liable to pay any interest or compensation from the date of exercise of Call Option.

Lock-in Clause

These Bonds shall be subjected to Lock in Clause in terms of which, the Bank shall not be liable to pay interest, if (a) the Bank's CRAR is below the minimum regulatory requirement prescribed by RBI or (b) the impact of such payment results in Bank's capital to risk assets ratios (CRAR) falling below or remaining below the minimum regulatory requirement prescribed by the Reserve Bank of India. However, banks may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss provided CRAR remains above the regulatory norm. The interest amount due and remaining unpaid may be allowed to be paid in the later years in cash/ cheque subject to the bank complying with the above regulatory requirement.

Record Date

The 'Record Date' for the Bonds shall be 30 days prior to each interest payment date and / or call option due date.

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, as the case may be.

Redemption

15 years from the DDA. In terms of RBI master circular no DBOD.No.BP.BC. 4. /21.01.002/2010-11 dated 1st July 2010, these bonds are free of restrictive clauses and are not redeemable at the initiative of the holder or without the consent of the Reserve Bank of India (Department of Banking Operations & Development).

Future Borrowings

The Bank will be entitled to borrow/raise loans or avail finance in whatever form as also issue Bond/ bonds / other securities in any manner having such ranking in priority, pari passu or otherwise and change the capital structure, including issue of shares of any class, on such terms and conditions as the Bank may think appropriate, without the consent of or intimation to the Bondholder(s) in this connection.

Basis of Allotment.

Acceptance of the offer to invest and the allotment shall be decided in consultation with the Arrangers. The Bank reserves the right to reject in full or part any or all the offers received by them to invest in the Bond without assigning any reason for such rejection. In such a case, the Bank will refund the application amount at the place from where cheque / draft in respect of application money is cleared. Acceptance of the offer shall be subject to completion of subscription formalities as detailed in the application form. In case of over subscription, the Bank would finalise the basis of allotment in consultation with the Chairman & Managing Director / Executive Director of the Bank and the Arrangers.

WHO CAN APPLY

- Provident Funds, Superannuation /Pension Funds, Gratuity Funds
- Commercial Banks, Financial Institutions, Insurance Companies
- State/Central Co-operative Banks, Development Co-operative Banks, Land Development Banks, Regional Rural Banks and Primary Co-operative Banks.
- Mutual Funds
- Trusts and Association of Persons, which are authorised to invest in bonds.
- Bodies Corporate, Companies and Societies authorised to invest in Bonds
- Individuals (excluding Minors and NRIs)
- Scientific and/or Industrial Research Organisation, authorised to invest in bonds
- Other Government/Non Government agencies/Boards/Institutions etc.
- Foreign Institutional Investors (FIIs) & NRIs.

APPLICATION NOT TO BE MADE BY

1. Hindu Undivided Family (neither by the name of the Karta);
2. Partnership Firms or their nominees;
3. Overseas Corporate Bodies (OCBs);

(Please note that only those to whom this Disclosure Document is addressed by name can only apply.)

Application by Provident Funds, Superannuation Funds and Gratuity Funds

The Government of India has, vide its Gazette notification dt.06.03.2003, in partial modification of notification No. F.11 (3-PD/98) dated March 31, 1999 has permitted Provident, Superannuation and Gratuity Funds to invest up to 30% of incremental accretions in the bonds/securities of "public sector companies" as defined under Section 2 (36-A) of the Income Tax Act, 1961. Also, an additional amount of 30% of the incremental accretions can be invested at the discretion of the Board of Trustees in any of the remaining three prescribed

categories of investments. The Bank is a “public sector company” within the meaning of the said section, and hence Provident Funds, Superannuation Funds and Gratuity Funds can invest in the Bonds.

The applications must be accompanied by certified true copies of (i) Trust Deed/Bye Laws/Resolutions, (ii) Resolution authorising investment and (iii) specimen signatures of the authorised signatories. Those desirous of claiming tax exemptions on interest on application money are compulsorily required to submit a certificate issued by the Income Tax Officer along with the Application Form. For subsequent interest payments, such certificates have to be submitted periodically.

Applications by Commercial Banks

Investment by commercial banks in debt issues of other banks would attract 100% risk weights for the investing bank. The applications must be in conformity with extant RBI guidelines and accompanied by certified true copies of i) Board Resolution authorising investment, ii) Power of Attorney and iii) specimen signatures of authorised signatories.

Application by Regional Rural Banks

Reserve Bank of India, vide circular No.RPCDNB.BC.98/03.05.34/94/95 dated January 2, 1995 and amended vide Circular No. RPCD.RRB.BC.882/03.05.34/96-97 dated December 13, 1996 has permitted RRBs to invest their surplus non-SLR funds in Bonds of public sector undertakings. However, the investments are subject to the prudential and single exposure norms of RBI.

The applications must be accompanied by certified true copies of (i) Government Notification/Certificate of Incorporation/Articles and Memorandum of Association/Other deed governing the constitution, (ii) resolution authorising investment, (iii) Power of Attorney (iv) specimen signatures of authorised signatories and (v) income tax recognition certificate/Form 15 AA.

Application by Primary/ District/ State/Central Co-Operative Banks

Any State Co-operative Bank (SCB)/District Central Co-operative Bank (DCCB)/Primary Co-operative Bank (PCB) in any State would be eligible to invest in these Bonds with necessary approval. Reserve Bank of India vide notification No. BR.CIR.72/16.20.00/93-94 dated 16PPthPP May 1994 have clarified that the primary co-operative banks can invest their surplus funds up to 10% of their deposits in Bonds of public sector undertakings, provided inter-alia that a provision exists for such investments in the respective state Co-operative Societies Act/Multi State Co-operative Societies Act and the Banks should take permission from the Registrar of Co-operative Societies of the State, for such investments. Further, Reserve Bank of India vide notification no. BR.12/16.20.00/95-96 dated Jan 6, 1996 has requested the Registrar of Co-operative Societies of all States to grant general permission to the primary co-operative banks for such investments, subject to their complying with other conditions and safety measures laid down by Reserve Bank of India from time to time.

As per RBI circular no. PPF.ROC.9/07.02.03/98-99 dated June 23, 1999; Central / State Co-operative Banks can invest in PSU bonds an amount not exceeding 10% of their deposits and 5% of their average non-SLR surplus funds after obtaining requisite permission. The applications must be accompanied by certified true copies of i) Resolution authorising investment / Power of Attorney and ii) specimen signatures of authorised signatories.

Application by Trusts

Trusts, whose Trust Deeds provide for investment in Bonds may apply to this issue of bonds, subject to the approval of the Charity Commissioner or other appropriate authority as the case may be. The application must be accompanied by certified true copies of i) Trust Deed/Bye Laws, ii) Certificate of Registration, iii) Resolution authorising investment and containing operating instructions, iv) Specimen signatures of authorised signatories and v) Income Tax exemption certificate (including interest on application money) / Form 15 AA (if applicable).

Applications by Corporate Bodies/Companies/Fis/Statutory Corporations

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Association/Constitution/Bye-laws, (ii) resolution authorising investment and containing operating instructions, (iii) specimen signatures of authorised signatories and (iv) Form 15 AA for claiming exemption from deduction of tax on the interest income (including interest on application money), if applicable.

Applications Under Power of Attorney

In case of applications under Power of Attorney by limited companies or other bodies corporates or commercial banks or regional rural banks/primary/district/central co-operative banks or, individuals, a certified copy of Power of Attorney with a copy of the relevant authority/resolution (other than individuals) must be deposited along with the Application Form.

Individuals

Individuals are also entitled to apply to the bond issue subject to the application qualifying for the minimum application amount and is valid in all other respects. Those desirous of claiming tax exemptions on interest on application money are compulsorily required to submit relevant declaration Form (as per I.T. Act 1961) along with the Application Form. For subsequent interest payments, such Forms have to be submitted periodically.

In the case of joint applications, the number of such applicants should not be more than three. All communications and cheques for interest/redemption will be addressed to the applicant whose name appears first, at the address stated in the application form/register of Bondholders

PAN of the Applicant

All the applicants should mention their Permanent Account Number allotted under Income Tax Act. In case PAN has not been allotted, or the applicant is not assessed to Income Tax, the appropriate information should be mentioned and the income Tax Circle / Ward / District. In case where the PAN Number has not been allotted, the fact of such a non-allotment should be mentioned in the Application Form in the space provided.

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.

Nomination Facility

As per Section 109 A of the Companies Act, 1956, 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 can not nominate.

Disposal of Applications and Application Money

The Bank reserves, in its own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the application money received will be refunded to the applicant within 30 (thirty) days from the date of closure of the Issue.

No interest will be payable on the application money so refunded. Refund will be made by cheques or demand drafts drawn in favour of the sole / first applicant (including the details of his savings/ current account number and the name of the bank with whom the account is held) and will be dispatched by Registered Post. Such refund orders D.D.s/Cheques will be payable at par at specified centres.

The Bank has undertaken to make adequate funds available to the Registrar to the Issue for complying with the requirements of dispatch of Allotment Letters/Refund Orders by Registered Post.

Trading of Bonds

The trading of privately placed Debt securities would be permitted in standard denomination of ₹10 lakhs in the anonymous, order driven system of the Stock Exchange in a separate trading segment. The marketable lot would be ₹10 lakhs. All class of investors would be permitted to trade subject to the standard denomination/marketable lot. The trades executed on spot basis shall be required to be reported to the Stock Exchange.

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 will recognise 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 recognise 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 recognise 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.

Notices

The notices to the Bondholder(s) required to be given by the Bank shall be deemed to have been given if sent by ordinary post to the register holder of the bond (in case of joint holding, such notice will be sent to the holder whose name appears first in the Register of Bondholders). All notices to be given by the Bondholder(s) 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.

Miscellaneous

A Register of Bondholders shall be maintained with the Registrar to the Issue. Such Register shall be closed thirty (30) business days prior to each interest payment date.

In case of dissolution/bankruptcy/insolvency/winding up of Bondholders, the Bond certificates shall be transmittable to the Legal Representative(s)/Successor(s) or the Liquidator, in accordance with the law on such terms as may be deemed appropriate by the Bank.

Procedure for Application and Mode of Payment

This being a Private Placement Offer, Investors who are established/Resident in India and who have been addressed through this Communication directly, only are eligible to apply. Applications for the Bonds must be in the prescribed form (enclosed) and completed in BLOCK LETTERS in English and as per the instructions contained therein.

Applications complete in all respects (along with all necessary documents as detailed in the Disclosure Document) 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 subscription amount by way of cheque(s)/draft(s) drawn on any bank including a co-operative bank which is situated at and is a member of the Bankers' clearing house located at a place where the application form is submitted. **Outstation cheque(s)/Bank draft(s) drawn on Bank(s) not participating in the clearing process at the designated clearing centres will not be accepted. Money orders/postal orders will also not be accepted. The Bank assumes no responsibility for any applications / cheques / DDs lost in mail/remittances lost in transit. Mode of payment is only through RTGS**

No separate receipt will be issued for the Application money. However, the Bank's designated collection branches or arrangers receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the Acknowledgment Slip at the bottom of the each Application Form.

As a matter of precaution against possible fraudulent encashment of Interest Warrants/Cheques due to loss/misplacement, the applicant should furnish the full particulars of his or her bank account (i.e. Account Number, name of the bank and branch) at the appropriate place in the Application Form. Interest warrants will then be made out in favour of the bank for credit to his/her account so specified and dispatched to the investors, who may deposit the same in the said bank.

Registrars

With respect to the current issue of bonds, the investors in case of any pre issue/post issue related problems such as noncredit of letter(s) of allotment/bond certificate(s) in the demat account, non receipt of refund order(s), interest warrant(s)/cheque(s)etc. can contact the Registrars to the Issue:

CANBANK COMPUTER SERVICES LIMITED

R & T CENTRE, J P ROYALE

NO. .218, I FLOOR, II MAIN, SAMPIGE ROAD, NEAR 14TH CROSS
MALLESWARAM, BANGALORE – 560053

TEL: 080-23469661/9662

Trustees for the Issue

The Bank has appointed VIJAYA BANK as the Trustee for the bondholders. The rights and obligations along with the dispute resolving mechanism is as per the Debenture Trustee Agreement entered into by the Bank with VIJAYA BANK.

Rights of Bondholders

The Bondholder (s) will not be entitled to any rights and privileges of shareholders other than those available to them under the law. The Bond shall not confer upon the holders the right to receive notice, or to attend and vote at the general meetings of the Bank. The principal amount and interest, if any, on the Bond will be paid to the holder only, or in the case of joint-holders, to the person whose name stands first in the Register of Bondholders maintained by the Bank. The Bond shall be subject to other terms and conditions incorporated in the Bond

certificate.

Modification of Rights

The rights, privileges, terms and conditions attached to the Bond may be varied, modified or abrogated with the consent, in writing, of those holders of the Bond who hold at least three fourth of the outstanding amount of the Bond 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 Bond, if the same are not acceptable to the Bank

STATEMENT OF TAX BENEFITS

The following are the Tax Benefits under the prevailing Tax Laws as provided by M/s M.Anandam & Co., Chartered Accountants vide their certificate dated 23rd July 2010.

As per the present provisions of Income-tax Act, 1961 (hereinafter referred to as "the Act") and other direct tax laws in India, the following tax benefits are available to the Bank and to the prospective bonds holder of the Bank, subject to fulfilment of prescribed conditions prescribed under the relevant sections.

A. TO THE BANK:

- a. Under Section 32 of the Act, the bank is entitled to claim depreciation allowance at the prescribed rates on the eligible tangible and intangible assets acquired and put to use for its business.
- b. Under Section 10(34) of the Act, dividend income (whether interim or final) received by the bank from any other domestic Companies (in which the bank has invested) for which such company has paid additional income-tax u/s.115-O of the Act, is exempt from tax in the hands of the bank.
- c. The income received by the bank from distribution made by any mutual fund specified Under Section 10(23D) of the Act in respect of which tax is paid by such mutual fund u/s.115R of the Act or from the Administrator of the specified undertaking or from the specified companies referred to in section 10(35) of the Act is exempt from tax in the hands of the Bank.

This exemption however does not apply to the income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

- d. By virtue of section 10(36) of the Act, any long term capital gain arising to the bank from the transfer of a long term capital assets, being an "eligible equity shares" in a company purchased on or after 1st day of March 2003 and before 1st day of March 2004 and held for a period of 12 months or more, would not be liable to tax in hands of the Bank.

"Eligible Issue Shares" means

a) Equity shares being a constituent of BSE 500 Index of the stock exchange as on 1st day of March 2003

and

b) Any equity shares in a company allotted through public issues on or after the 1st day of March 2003 and listed in recognized stock exchange.

- e. Any income arising from the transfer of capital assets, being a unit of Unit Scheme, 1964 referred to in Schedule I to the Unit Trust of India (Transfer of undertaking and repeal) Act, 2002 u/s 10(33) of Income Tax Act.
- f. Under Section 10(38) of the Act, the Long-term Capital Gains arising on transfer of securities, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the Bank.
- g. As per the provisions of Section 112(1) (b) of the Act, other Long-term Capital Gains arising to the bank are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units (not covered by section 10(36) and 10(38) of the Act), are subject to tax at the rate of 20% on long-term capital gains worked out after considering indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long-term capital gains worked out without considering indexation benefit (plus applicable surcharge and education cess).

- h. As per the provisions of section 111A of the Act, Short-term Capital Gains arising to the bank from transfer of Equity Shares in any other company through a recognized stock exchange or from sale of units of any equity-oriented mutual fund are subject to tax @ 15% (plus applicable surcharge and education cess), if such a transaction is subjected to Securities Transaction Tax.
- i. In accordance with and subject to the conditions specified in Section 54EC and Section 54ED of the Act, the bank would be entitled to exemption from tax on Long-term Capital Gain (not covered by Section 10(36) and Section 10(38) of the Act), if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.
- j. Under Section 36(1) (vii a) of the Income-tax Act, the bank is entitled for deduction in respect of any provision for bad and doubtful debts made by it an amount not exceeding seven and one-half per cent of the total income (computed before making any deduction under this clause and Chapter VIA) and an amount not exceeding ten per cent of the aggregate average advances made by the rural branches of such bank, computed in the prescribed manner.

However, at its option the bank can claim in any of the relevant assessment years, deduction in respect of any provision made by it for any assets classified by the Reserve Bank of India as doubtful assets or loss assets in accordance with the guidelines issued by it in this behalf, for an amount not exceeding five per cent of the amount of such assets shown in the books of account of the bank on the last day of the previous year.

The Bank can also claim, at its option, a further deduction not exceeding the income derived from redemption of securities in accordance with a scheme framed by the Central Government provided such income has been disclosed in its return of income under the head "profit & gains of business or profession"

- k. Apart from the deduction available under section 36(1)(vii a) of the Income-tax Act, the bank is entitled to claim a deduction under section 36(1)(vii) of the Income Tax Act for the amount of bad debts written off in its books of account. The deduction is limited to the amount or such debts or part thereof which exceeds the credit balance in the provision for bad and doubtful debts accounts made under section 36(1)(vii a) and subject to the compliance of provision of section 36(2)(v).
- l. Under section 36(1)(viii) of Income Tax Act, the Bank is eligible for deduction in respect of any special reserve created and maintained by it, an amount not exceeding twenty per cent of the profits derived from business of providing long term finance for - (a) industrial or agricultural development (b) development of infrastructure facility in India; or (c) development of housing in India, computed under the head "Profits and gains of business or profession" (before making any deduction under this clause) and carried to such reserve account.

Provided, no allowance under this clause is available where aggregate of amounts carried to such reserve from time to time exceeds twice the amount of the paid up share capital and general reserves of the Bank.

- m. As per Section 72AA of the Income-tax Act, in respect of an amalgamation of a banking company with any other banking institution under a scheme sanctioned and brought into force by the Central Government under sub-section (7) of section 45 of the Banking Regulation Act, 1949 (10 of 1949), the accumulated loss and the unabsorbed depreciation of such banking company shall be deemed to be the loss or, as the case may be, allowance for depreciation of such banking institution for the previous year in which the scheme of amalgamation was brought into force and other provisions relating to set-off and carry forward of loss and allowance for depreciation shall apply accordingly.
- n. Under section 115-O (1A) of the Act, the Bank is entitled to reduce from distributed profits subject to additional income tax u/s 115-O (1) of the Act, (i) such dividend received by the Bank from its subsidiary on which the subsidiary has paid tax under section 115-O (1) and (ii) the amount of dividend, if any, paid to any person for, or on behalf of, the New Pension System Trust referred to in clause (44) of section 10 of the Act.

B. TO THE RESIDENT BONDHOLDER OF THE BANK:

I. RESIDENT BONDHOLDER

- i. As per the provisions of Section 112(1) (a) of the Act, other Long term Capital Gains arising to the resident Bondholders are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units (not

covered by section 10(36) and 10(38) of the Act), are subject to tax at the rate of 20% on long term capital gains.

As per third Proviso to section 48 of Income Tax Act, long-term capital gains arising from transfer of Long-term capital bonds of the Bank are not entitled to Indexation, except for the capital indexed bonds issued by the Government.

- ii. In accordance with and subject to the conditions specified in Section 54EC and Section 54ED of the Act, the resident bondholders would be entitled to exemption from tax on Long-term Capital Gains from the transfer of bonds in the bank, if such capital gains are invested in any of the long-term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in the said sections.
- iii. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.
- iv. In accordance with and subject to the conditions and to the extent provided in the Section 54F of the Act, the bondholder (being an Individual or a Hindu Undivided Family) is entitled to exemption from Long-term Capital Gains arising from the sale of bonds in the Bank, if the net consideration is invested for purchase or construction of a residential house. If part of the net consideration is invested within the prescribed period in a residential house, such gains would not be chargeable to tax on a proportionate basis. If, however, such new residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as long-term capital gains of the year in which such residential house is transferred.
- v. If the Interest Income from Bonds during the financial year is not expected to exceed Two thousand five hundred rupees, the same is not liable to deduction of Income-tax at sources u/s.193 of the Act.
- vi. The individuals, desirous of claiming exemption from deduction of Income tax at sources as per the Income Tax Act 1961 from the interest on application money, are required to submit a declaration in Form 15G/H, in duplicate, along with the application form.

II. MUTUAL FUNDS

The income of a bondholder, being a Mutual fund registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under or the Mutual Fund set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India is exempt from income-tax under Section 10(23D) of the Act.

III. VENTURE CAPITAL COMPANIES / FUNDS

In case of a shareholder being a Venture Capital Company / Fund, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, is exempt from income-tax, under Section 10(23FB) of the Act.

IV. TRUST

A trust registered under Section 12AA of the Act, is entitled to claim deduction under Section 11 of the Act in respect of the income earned by it during the year.

C BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

'Asset' as defined under section 2(ea) of the Wealth-tax Act, 1957, does not include Bonds. Hence, the values of the bonds are not liable to Wealth tax.

D BENEFITS AVAILABLE UNDER THE GIFT TAX ACT, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of bonds will not attract gift tax.

With effect from 1-10-2009, under provisions of section 56 (1) (vii) (b) of the Income Tax Act, 1961, where an individual or a Hindu undivided family receives in any previous year, from any person or persons not being relative(s) as defined in the section, any property other than immoveable property- (i) without consideration, the fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property (ii) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration, is subject to levy of Income Tax as income from other sources. Shares and Securities are covered by definition of property for the purpose of section 56 (1).

Notes:

- i. All the above benefits are as per the current tax law and will be available only to the sale / transfer by first name holder, in case the bonds are held by joint holders.
- ii. In view of the nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
- iii. However, a bondholder is advised to consider in his/her/its own case. The tax implications of an investment in the Bonds, particularly in view of the fact that certain recently enacted legislations may not have direct legal.

**For M/s M.Anandam & Co.,
Chartered Accountants**

**PLACE: Secunderabad
DATE: 23RD JULY 2010.**

**(FCA)
PARTNER**

Undertaking by the Bank

The Bank undertakes:

- to attend to the complaints received in respect of the Issue expeditiously and satisfactorily;
- to take all steps for completion of necessary formalities for listing and commencement of trading at the Stock Exchange where the securities are to be listed.
- to apply in time for the listing of the securities;
- that the funds required for dispatch of refund orders/ allotment letters by registered post shall be made available.
- that the Allotment Letters/Refund Orders to the applicants shall be dispatched within specified time;
- that no further issue of securities shall be made till the securities offered through this Offer Document are listed or till the application monies are refunded on account of non-listing, under subscription, etc.
- that necessary Cooperation with Credit Rating Agency(ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.

XVI. Discount on the offer price

Bonds are being issued at the face value

XVII. Debt Equity Ratio

The Bank follows guidelines issued by RBI from time to time with regard to Capital Adequacy Ratio. Accordingly, the debt equity ratio shall not be applicable to the Bank.

XVIII. Servicing behaviour of the existing debts

The Bank is discharging all its liabilities in time and would continue doing so in future as well. The Bank has been paying regular interest and Principal for all its existing bond issues on the respective due dates

XIX. Permission and consent from the Creditors

The Bank is not required to obtain any consent from its creditors.

XX. Name of the Trustee to the Issue

VIJAYA BANK
MERCHANT BANKING DIVISION
HEAD OFFICE, 41/2 M.G.ROAD, BANGALORE-560001
TEL: 080-25584066 FAX : 2558 4764
EMAIL : HHTUTUdpcell@vijayabank.co.inUUTTHH

Vijaya Bank has given its consent for its appointment under regulation 4 (4) is annexed here with.

XXI. Rating Rationale adopted by Rating Agencies

CRISIL Limited has assigned a “**AAA / Stable** “(pronounced ‘Triple A with Stable outlook’) rating to the captioned Debt programme of the Bank. This rating indicates highest degree of safety with regard to timely payment of Interest and principal on the instrument.

Brickwork Ratings has assigned '**BWR AAA**' (Pronounced BWR Triple A) (Outlook: STABLE) rating to the captioned Debt issue programme of the Bank. Instruments carrying this rating are considered to offer the Best Credit Quality in terms of timely servicing of debt obligations.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future.

The rating rationale issued by CRISIL & Brickwork are annexed to the Disclosure Document.

RATING DETAILS / DECLARATION

BRICKWORK RATINGS

Assigned BWR AAA (Pronounced BWR Triple A) for Rs.1000 crore vide letter dated 24th September 2010 is valid for a year.

CRISIL RATINGS

Assigned "AAA Stable (pronounced "Triple A with stable outlook) for Rs.10.00 Billion vide letter dated September 24th 2010 is valid for 180 days.

XXI. Listing of Bonds

The **Upper Tier II (Series-III)** Unsecured, Nonconvertible Bonds are proposed to be listed on the Wholesale Debt Market Segment of The National Stock Exchange of India Limited ('NSE').

XXIII. Term Sheet / Instrument at a Glance:

XXIV.

Issuer	Canara Bank
Instrument	Unsecured, Redeemable, Subordinated Non-Convertible Upper Tier II Bonds Series - III in the nature of Promissory Notes ("Bonds").
Issue Objective	Augmenting Tier II Capital for strengthening the Capital Adequacy and enhancing long term resources of the Bank
Issue Size	₹ 1000 crore (₹ One thousand Crores only)
Face Value	₹ 10,00,000 (₹ Ten Lakhs Only)
Minimum Application	One Bond and in multiples of One bond thereafter
Issue Price	At Par
Security	Unsecured
Nature	Private Placement
Tenor	15 years from the deemed date of allotment
Redemption Date	29.09.2025 (15 years from the DDA). In terms of RBI master circular no DBOD.No.BP.BC. 4. /21.01.002/2010-11 dated 1 st July 2010, these bonds are free of restrictive clauses and are not redeemable at the initiative of the holder or without the consent of the Reserve Bank of India (Department of Banking Operations & Development).
Put Option	None
Call option	Call option may be exercised after the instrument has run for at least ten years; call option shall be exercised only with the prior approval from the RBI (Department of Banking Operations & Development)
Coupon	8.62% per annum for first 10 years
Interest Payment date	Annual, 29 th Sep every year (Subject to RBI norms)
Step Up option	Step up Coupon rate of 0.50% p.a. payable annually for further life which

	will be exercised only once during the whole life of the instrument , in conjunction with the call option, after the lapse of ten years from the date of issue. In effect, the coupon rate on bonds shall be stepped up to 9.12% p.a for subsequent years. If Call option is not exercised by the Bank at the end of the 10 th year from the deemed date of allotment.
Lock in Clause	These Bonds shall be subjected to Lock in Clause in terms of which, the Bank shall not be liable to pay interest, if (a) the Bank's CRAR is below the minimum regulatory requirement prescribed by RBI or (b) the impact of such payment results in Bank's capital to risk assets ratios (CRAR) falling below or remaining below the minimum regulatory requirement prescribed by the Reserve Bank of India. However, banks may pay interest with the prior approval of RBI when the impact of such payment may result in net loss or increase the net loss provided CRAR remains above the regulatory norm . The interest amount due and remaining unpaid may be allowed to be paid in the later years in cash/ cheque subject to the bank complying with the above regulatory requirement.
Interest on Application Money*	Interest on application money will be paid to investors at Coupon Rate from the date of realization of subscription money up to one day prior to the Deemed Date of Allotment. Such interest shall be payable within seven business days from the Deemed Date of Allotment.
Interest Payment Convention	Actual No of Days / Actual No of Days
Issue Schedule	Issue Opening Date: 27/09/2010 Issue Closing Date: 28/09/2010 Deemed Date of allotment: 29/09/2010
Rating	By CRISIL (AAA Stable) & BRICKWORK (AAA)
Registrars	Canbank Computer Services Ltd
Trustees	Vijaya Bank, Bangalore
Listing	Proposed to be listed on NSE
Depository	NSDL & CDSL
Pay in dates	From 27 th Sep to 28 th Sep
Issue mode	Through demat at NSDL/CDSL – No physical certificates to be issued
Mode of Payment	Only through RTGS
Nature of Bonds	These bonds should be fully paid up, unsecured and free of any restrictive clauses. The claims of the investors in Upper Tier II instruments shall be superior to the claims of investors in instruments eligible for inclusion in Tier I capital; and subordinate to the claims of all other creditors.
Arrangers	A.K. Capital Services Ltd; Almondz Global Securities Ltd; Axis Bank Ltd; Barclays Capital; Deutsche Bank; Edelweiss Capital Limited; ICICI Bank; ING Vysya Bank; Kotak Mahindra Bank; Trust Investment Advisors Pvt Ltd.

* (Subject to deduction of tax as applicable)

DECLARATION

It is hereby declared 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. LADNRO/GN/2008/13/127878 dated June 06, 2008.

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

The issuer accepts no responsibility for the statements made otherwise than in this disclosure document or in any other material issued by or at the instance of the issuer and that any one placing reliance on any other source of information would be doing so at his own risk.

Signed pursuant to the authority granted by the Board of Directors of the Company at its meeting held on 17 th July 2010.

For CANARA BANK

M C GAUBA
GENERAL MANAGER

Place: BANGALORE
Date 24th September 2010.

APPLICATION SERIAL NO.

CANARA BANK
(A Government of India Undertaking)
Domestic Treasury , Treasury Wing, 7th Floor, Maker Chambers III, Nariman Point, Mumbai-400 021
(PH:022 2280 0101 to 06).

APPLICATION FORM FOR UNSECURED SUBORDINATED NON-CONVERTIBLE UPPER TIER II BONDS: SERIES -III

Dear Sirs,

Date:

Having read and understood the contents of the Memorandum of Private Placement, I / we apply for allotment to me/us of the Bond(s). The amount payable on application as shown below is remitted herewith. On allotment, please place my/our name(s) on the Register of Bondholders. I/We bind us by the terms and conditions as contained in the Memorandum of Private Placement. We note that the Bank is entitled in its absolute discretion to accept or reject this application whole or in part without assigning any reason whatsoever.

(PLEASE READ CAREFULLY THE INSTRUCTIONS ON THE NEXT PAGE BEFORE FILLING UP THIS FORM.)

Form in which certificate is to be issued PHYSICAL	Demat
DP Name: NSDL	CDSL
DP ID NO.:	CLIENT ID NO.:

The application shall be for a minimum of 1 Bond.

No. of Bonds applied for (In words)		
No. of Bonds applied for (In figures)		
Amount (Rs.) (In words)		
Amount (Rs.) (In figures)		
Date	Cheque/Demand Draft Drawn On	Cheque/Demand Draft No.

We are applying as {Tick () whichever is applicable

1	Company Body Corporate	2	Commercial bank	3	Regional Rural Bank
4	Co-operative Banks	5	Financial Institution	6	Insurance Companies
7	Mutual Fund	8	Provident/Superannuation/Gratuity Funds	9	Port Trusts
10	NBFC & Residuary NBFC	11	Association of Persons	12	Others (Please Specify)

Application Details

Sole / First Applicant's Name in Full (Block Letters)

Second Applicant's Name in Full

Third Applicant's Name in Full

Mailing Address in Full (Do not repeat Name, Post Box No. alone is not sufficient)
--

PIN CODE:	Tel:	Fax:
TAX DETAILS (Refer Instruction 7)	PAN OR GIR No.	IT Not Allotted
		Circle/Ward/District

Details of Bank Account (Refer Instruction 5)

Bank Name & Branch
Account No: Nature of Account

Tax Deduction Status: (Please tick one):

Fully Exempt (Please furnish exemption certificate)
Tax to be deducted at Source:

SPECIMEN SIGNATURE

(TO BE FILLED IN ONLY IF THE APPLICANT IS AN INSTITUTION)

S.No.	Name of the Authorised Signatory	Designation	Signature

APPLICATION FORM FOR UNSECURED SUBORDINATED NON-CONVERTIBLE UPPER TIER II BONDS: SERIES -III

ACKNOWLEDGEMENT SLIP

Canara Bank, Domestic Treasury, Treasury Wing, 7th Floor, Maker Chambers III, Nariman Point, Mumbai-400 021(PH:022 2280 0101 to 06)

Application Form Sl. No.

Received from _____
 Address _____
 an application for _____ Canara Bank Unsecured Non-Convertible Subordinated Upper Tier II Bond(s)
 Series-III vide Cheque / Demand Draft No. _____ Dated _____ Drawn on _____
 for Rs. _____ (Note : Cheques and Demand Drafts are subject to realization)

INSTRUCTIONS

1. Application forms must be completed in full in BLOCK LETTERS IN ENGLISH. A blank space must be left between two or more parts of the name.
 A B C D E L I M I T E D
2. 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.
3. Application forms duly completed in all respects must be lodged at a the Collection Centers mentioned here, before the closing of the subscription, Cheques(s) / Demand Draft(s) should be drawn in favour of "**Canara Bank A/C Unsecured Non-convertible Upper TIER II BONDS SERIES III**" and crossed "A/c payee " only. Cheques(s) / Demand draft(s) may be drawn on any bank including a co-operative bank, which is situated at and is a member or sub-member of the Banker's Clearing House located at the centers indicated below. Payment may also be made by RTGS to the credit of **CANARA BANK A/C No:2422201000557 (IFSC Code CNRB0002422)** clearly indicating that the payment is towards subscription to UPPER TIER II BONDS Issue (SERIES –III).
4. Cash, outstation cheques, money orders, postal orders and stock invest will NOT be accepted.
5. As a matter of precaution against possible fraudulent encashment of interest warrants due to loss/misplacement, applicants are requested to mention the full particulars of their bank account, as specified in the Application Form. Interest warrants will then be made out in favour of the bank for credit to the applicant's account. In case the full particulars are not given; cheques/DDs will be issued in the name of the applicant at his/her risk.
6. Receipt of applications will be acknowledged by the Bank in the "Acknowledgment Slip", appearing below the Application Form. No separate receipt will be issued.
7. All applicants should mention their Permanent Account Number or the GIR number allotted under Income-Tax Act, 1961 and the Income –Tax Circle/Ward/District. In case where neither the PAN nor GIR number has been allotted, the fact of non-allotment should be mentioned in the application form in the space provided.
8. The application would be accepted as per the terms of the Scheme outlined in the Memorandum of Private Placement.
9. All communications will be addressed to the applicant whose name appears first in the application form.
10. Those desirous of claiming tax exemptions on interest on application money are compulsorily required to submit a certificate issued by the Income Tax Officer/relevant declaration forms (as per I.T.Act, 1961) along with the Application Form. In case the above documents are not enclosed with the application form. TDS will be deducted on interest on application money. For subsequent interest payments, such certificates have to be submitted periodically.
11. Applicants desirous of receiving bonds in dematerialized form should mention their Depository Participant's name, DP-ID and Beneficiary Account Number in the appropriate place in the Application Form. The Bank will take necessary steps to credit the Depository Account of the allottee(s) with the number of bonds allotted.
12. Applicants residing at a places where no collection centres have been opened may submit/mail their applications at their sole risk along with the Application money due there unto by RTGS to Canara Bank, Capital Market Services Branch, 11, Homji Street, Fort, Mumbai – 400 001 (Pooling Centre for the Offer). Application forms can be submitted at the branches of Canara Bank mentioned below:

Ahmedabad (Capital Market Services branch, Ashram Road, Ph: 079 26577487) Bangalore (Town Hall), Ph: 080 22226170), Kolkata (N.S.Road 033 22300049), Chennai (Mount Road Ph: 044 28521075), New Delhi (Capital Market Services Branch, Sansad Marg PH: 011 23356864), Hyderabad (Abid Road Ph: 040 23438632), Mumbai(Capital Market Services Branch, Homji Street, PH: 022 22662816)

Sep 24 2010 10:02AM **RATING BY BRICKWORK**
BRICKWORKRATINGS

08026593673

P.1

Mr. Amitesh.



BWR/BLR/RA/2010-11/0179
September 24, 2010

The General Manager
Domestic Treasury, Treasury Wing
Canara Bank
Mumbai.

Dear Sir,

Ref: Your mandate dated September 23, 2010

Sub: Rating Upper Tier II issue of ₹ 1000 crore (₹ One Thousand crore only)

Thank you for giving us an opportunity to undertake the Rating of Upper Tier II issue for ₹ 1000 crore for Canara Bank. Based on the information and clarifications provided by you, as well as information available in public sources, the matter was placed before our External Rating Committee.

We are pleased to inform you that Canara Bank's Upper Tier II issue for ₹ 1000 crore has been assigned BWR AAA (Pronounced BWR Triple A) (Outlook Stable). Brickwork Ratings has also reaffirmed the rating of BWR AAA with a stable outlook for four IPDI issues aggregating ₹ 1650 crore. Instruments with AAA rating are considered to offer the Best credit quality in terms of timely servicing of debt obligations.

Brickwork Rating model, has, interalia, factored ownership, capital adequacy, asset quality, earnings quality, management quality and industry attractiveness in rating the instruments.

The Rating is valid for a year from the date of assignment. Brickwork Ratings would conduct surveillance every year till maturity/redemption of the instruments. Please make available to us relevant information that may affect bank's performance without any delay.

(Contd.)

Brickwork Ratings India Pvt. Ltd

Corporate Office: 53, 1st Main, 3rd Phase, JP Nagar, Bangalore - 560078. Phone: +91-80-4040-9940 Fax: +91-80-2659-3673
1-800-425-8RIC • www.brickworkratings.com • www.FinancialLiteracy.in

Bangalore • Mumbai • New Delhi • Hyderabad • Chennai

Sep 24 2010 10:02AM BRICKWORKRATINGS

08026593673

P.2



The above Rating is subject to terms and conditions that were agreed in your mandate dated September 23, 2010 and other correspondence, if any and Brickwork Ratings standard disclaimer appended below.

Kindly let us have your acceptance of the Rating. Should you need any clarification, do let us know.

Please furnish complete details of borrowing under the above issue.

Best Regards,

V. Nagaraja
Head - Rating Administration

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

RATING BY CRISIL



CONFIDENTIAL

RefNo: SC/P&R/CANBANK/2010-11/874

September 24, 2010

Mr. D.S Anandmurthy
General Manager – Treasury & Investment Division,
Canara Bank
Maker Chamber III,
7th Flr, Nariman Point,
Mumbai – 400 021
Ph: 022 – 2283 4314
Fax: 022 – 2280 0100

Dear Mr. Anandmurthy,

Re: CRISIL Rating for the proposed Rs.10.0 Billion Upper Tier II Bonds Issue of Canara Bank.

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

CRISIL has, after due consideration, assigned a "AAA/Stable" (pronounced "Triple A with stable outlook") rating to the captioned Debt Programme. This rating indicates highest degree of safety with regard to timely payment of interest and principal on the instrument.

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

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

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

With warm regards,

Yours sincerely,

Suman Chowdhury

Suman Chowdhury
Head Financial Sector Ratings

Subha Sri Narayanan

Subha Sri Narayanan
Manager – Financial Sector Ratings

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

CRISIL has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. For the latest rating information on any instrument of any company rated by CRISIL, please contact CRISIL RATING DESK at CRISILratingdesk@crsil.com or at (+91 22) 3342 3001 – 09.

CONSENT LETTER OF TRUSTEES

विजया बैंक
VIJAYA BANK
(भारत सरकार का उपक्रम)
(A Govt. of India Undertaking)



व्यापारी बैंकिंग प्रभाग
Merchant Banking Division
प्रधान कार्यालय Head Office,
41/2 एम.जी.रोड 41/2, M.G. Road

ट्रिनिटी सर्कल Trinity Circle
बैंगलूर -01 BANGALORE - 560 001

Ref:MBD:HIO:AH:1364:2010

Date: 24-09-2010

The Asst. General Manager
Canara Bank
Treasury & Investment Division
T & IO Wing
7th Floor, Maker Chambers III
Nariman Point
Mumbai 400 021

Dear Sir,

Subject	Debenture Trustee for Upper Tier II bonds aggregating to ₹ 1000 Crores.
---------	---

This has reference to your letter no T&ID:T&IOW:MUM:UT-II:281:2010-11 dated 23-09-2010 on the captioned subject.

We are agreeable to act as debenture trustee for your proposed issue of Upper Tier II Bonds aggregating to Rs.1000.00 Crores on following terms:

- 01) Annual service charges @ Rs.8000/- per issue, per annum payable upfront, reckoning from the date of allotment. Service tax and any other tax/statutory payments thereon as applicable from time to time should be paid in addition.
- 02) All out of pocket expenses such as cost of stamp paper, registration charges, trunk call charges, fax, postage, courier, travel etc incurred in relation to the issue, shall be reimbursed by you as claimed from time to time.
- 03) Fees for drafting of documents should be paid by you directly to the consultants.
- 04) Draft copy of Debenture Trusteeship agreement Officer Document, Information Memorandum, Rating details etc should be furnished to us immediately.

Kindly acknowledge receipt

Yours faithfully,


B M Viswanatha
ASST. GENERAL MANAGER