

Serial No.: []

Addressed to: _____

Private & Confidential – For Private Circulation Only

Disclosure Document dated: March 21, 2014



(A Government of India Undertaking)

Constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970

Head Office: 112, J.C. Road, BENGALURU-560 002.

Treasury & Investments Division

Integrated Treasury Wing, 7th Floor, Maker Chambers III, Nariman Point, Mumbai 400021

Tel: 022 22800101 to 22800106 Fax 022 2280 0100 E-mail: tidmum@canarabank.com

Website :: <http://www.canarabank.com>

THIS DOCUMENT IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS, BUT A DISCLOSURE DOCUMENT ISSUED 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, AND SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2012 ISSUED VIDE CIRCULAR No. LAD-NRO/GN/2012-13/19/5392 DATED OCTOBER 12, 2012, AS AMENDED.

PRIVATE PLACEMENT OF NON-CONVERTIBLE REDEEMABLE UNSECURED BASEL III COMPLIANT TIER 2 BONDS (SERIES II) FOR INCLUSION IN TIER 2 CAPITAL IN THE NATURE OF DEBENTURE OF FACE VALUE OF Rs. 10 LAKHS EACH ("BONDS") AT PAR AGGREGATING Rs. 1000.00 CRORE BY CANARA BANK ("CB" OR THE "ISSUER" OR THE "BANK")

REGISTRAR TO THE ISSUE	TRUSTEES TO THE BOND HOLDERS
 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: canbankrta@ccsl.co.in	 VIJAYA BANK MERCHANT BANKING DIVISION HEAD OFFICE, 41/2 M.G.ROAD, TRINITY CIRCLE, BANGALORE-560 001 TEL: 080-25584066 FAX: 080 -2558 4764 E-Mail: dpcell@vijayabank.co.in

LISTING

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

ISSUE SCHEDULE

Issue Opening Date*	:	March	27, 2014
Issue Closing Date*	:	March	27, 2014
Deemed Date of Allotment*	:	March	27, 2014

* Subject to change as per Issuer discretion

CANARA BANK

Disclosure Document

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I. DISCLAIMER**1. DISCLAIMER OF THE ISSUER**

This Disclosure Document 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/GN/2008/13/127878 dated June 06, 2008, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended. This Disclosure Document does not constitute an offer to public in general to subscribe for or otherwise acquire the Bonds to be issued by Canara Bank ("CB"/ the "Issuer"/ the "Bank"). This Disclosure Document is for the exclusive use of the addressee and it should not be circulated or distributed to third party(ies). It is not and shall not be deemed to constitute an offer or an invitation to the public in general to subscribe to the Bonds issued by the Issuer. This Bond Issue is made strictly on private placement basis. Apart from this Disclosure Document, no offer document or prospectus has been prepared in connection with the offering of this Issue or in relation to the Issuer.

This Disclosure Document is not intended to form the basis of evaluation for the prospective subscribers to whom it is addressed and who are willing and eligible to subscribe to the Bonds issued by CB. This Disclosure Document has been prepared to give general information regarding CB to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that any such party may require. CB believes that the information contained in this Disclosure Document is true and correct as of the date hereof. CB does not undertake to update this Disclosure Document to reflect subsequent events and thus prospective subscribers must confirm about the accuracy and relevancy of any information contained herein with CB. However, CB reserves its right for providing the information at its absolute discretion. CB accepts no responsibility for statements made in any advertisement or any other material and anyone placing reliance on any other source of information would be doing so at his own risk and responsibility.

Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscriber to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscriber to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Disclosure Document should be construed as advice or recommendation by the Issuer or by the Arrangers to the Issue to subscribers to the Bonds. The prospective subscribers also acknowledge that the Arrangers to the Issue do not owe the subscribers any duty of care in respect of this private placement offer to subscribe for the bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

This Disclosure Document is not intended for distribution. It is meant for the consideration of the person to whom it is addressed and should not be reproduced by the recipient. The securities mentioned herein are being issued on private placement Basis and this offer does not constitute a public offer/ invitation.

The Issuer reserves the right to withdraw the private placement of the bond issue prior to the issue closing date(s) in the event of any unforeseen development adversely affecting the economic and regulatory environment or any other force majeure condition including any change in applicable law. In such an event, the Issuer will refund the application money, if any, along with interest payable on such application money, if any.

2. DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

This Disclosure Document has not been filed with Securities & Exchange Board of India ("SEBI"). The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Disclosure Document. It is to be distinctly understood that this Disclosure 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 is proposed to be made, or for the correctness of the statements made or opinions expressed in this Disclosure Document. The Issue of Bonds being made on private placement basis, filing of this Disclosure Document is not required with SEBI. However SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this Disclosure Document.

3. DISCLAIMER OF THE ARRANGER TO THE ISSUE

Canara Bank (the "Issuer") has authorized Standard Chartered Bank ("Standard Chartered" or the "Arranger") to distribute this Information Memorandum in connection with the proposed transaction outlined in it (the "Transaction") and the debentures proposed to be issued in the Transaction (the "Debentures").

"Standard Chartered Bank" means Standard Chartered and any group, subsidiary, associate or affiliate of Standard Chartered and their respective directors, representatives or employees and/or any persons connected with them.

Nothing in this Information Memorandum constitutes an offer of securities for sale in the United States or any other jurisdiction where such offer or placement would be in violation of any law, rule or regulation.

The Issuer has prepared this Information Memorandum and the Issuer is solely responsible for its contents. The Issuer will comply with all laws, rules and regulations and has obtained all regulatory, governmental and corporate approvals for the issuance of the Debentures. All the information contained in this Information Memorandum has been provided by the Issuer or is from publicly available information, and such information has not been independently verified by the Arranger. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Arranger or its affiliates for the accuracy, completeness, reliability, correctness or fairness of this Information Memorandum or any of the information or opinions contained therein, and the Arranger hereby expressly disclaim, to the fullest extent permitted by law, any responsibility for the contents of this Information memorandum and any liability, whether arising in tort or contract or otherwise, relating to or resulting from this Information Memorandum or any information or errors contained therein or any omissions therefrom. By accepting this Information Memorandum, You agree that the Arranger will not have any such liability.

You should carefully read and retain this Information Memorandum. However, You are not to construe the contents of this Information Memorandum as investment, legal, accounting, regulatory or tax advice, and You should consult with Your own advisors as to all legal, accounting, regulatory, tax, financial and related matters concerning an investment in the Debentures.

4. DISCLAIMER OF THE STOCK EXCHANGE

As required, a copy of this Disclosure Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as "NSE") for hosting the same on its website. It is to be distinctly understood that such submission of the Disclosure Document with NSE or hosting the same on its website should not in any way be deemed or construed that the Disclosure Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Disclosure Document; nor does it warrant that this Issuers securities will be listed or continue to be listed on the Exchange; nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Issuer. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

II. DEFINITIONS/ ABBREVIATIONS

AY	Assessment Year
Allotment/ Allot/ Allotted	The issue and allotment of the Bonds to the successful Applicants in the Issue
Allottee	A successful Applicant to whom the Bonds are allotted pursuant to the Issue, either in full or in part
Applicant/ Investor	A person who makes an offer to subscribe the Bonds pursuant to the terms of this Disclosure Document and the Application Form
Application Form	The form in terms of which the Applicant shall make an offer to subscribe to the Bonds and which will be considered as the application for allotment of Bonds in the Issue
ASBA	Application Supported by Blocked Amount
Bondholder(s)	Any person or entity holding the Bonds and whose name appears in the list of Beneficial Owners provided by the Depositories
Beneficial Owner(s)	Bondholder(s) holding Bond(s) in dematerialized form (Beneficial Owner of the Bond(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996)
Board/ Board of Directors	The Board of Directors of Canara Bank or Committee thereof, unless otherwise specified
Bond(s)	Non-Convertible Redeemable Unsecured Basel III compliant Tier 2 Bonds (Series II) for inclusion in Tier 2 Capital in the nature of Debentures of face value of Rs. 10 lakhs each at par to be issued by Canara Bank ("CB" or "Issuer" or the "Bank") through private placement route under the terms of this Disclosure Document
BRICK WORK	Brickwork Rating India Private Limited
Record Date	Reference date for payment of interest/ repayment of principal
CAR	Capital Adequacy Ratio
CAG	Comptroller and Auditor General of India
CDSL	Central Depository Services (India) Limited
CMD	Chairman & Managing Director of Canara Bank
CRISIL	Credit Rating Information Services of India Limited
CARE	Credit Analysis & Research Limited
Debt Securities	Non-Convertible debt securities which create or acknowledge indebtedness and include debenture, bonds and such other securities of a body corporate or any statutory body constituted by virtue of a legislation, whether constituting a charge on the assets of the Bank or not, but excludes security bonds issued by Government or such other bodies as may be specified by SEBI, security receipts and securitized debt instruments
Deemed Date of Allotment	The cut-off date declared by the Bank from which all benefits under the Bonds including interest on the Bonds shall be available to the Bondholder(s). The actual allotment of Bonds (i.e. approval from the Board of Directors or a Committee thereof) may take place on a date other than the Deemed Date of Allotment
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A Depository participant as defined under Depositories Act
Disclosure Document	Disclosure Document dated March 21, 2014 for private placement of Non-Convertible Redeemable Unsecured Basel III compliant Tier 2 Bonds (Series II) for inclusion in Tier 2 Capital in the nature of Debentures of face value of Rs. 10 lakhs each ("Bonds") at par aggregating Rs.1, 000 crore by Canara Bank
DP	Depository Participant
DRR	Bond/ Debenture Redemption Reserve
EPS	Earnings Per Share
FIs	Financial Institutions
FIIs	Foreign Institutional Investors
Financial Year/ FY	Period of twelve months ending March 31, of that particular year
Gol	Government of India/ Central Government
Trustees	Trustees for the Bondholders in this case being VIJAYA BANK Merchant Banking Division
ICRA	ICRA Limited
Issuer/ CB/ Bank	Canara Bank, constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and having its Head Office at 112, J C Road, Bengaluru – 560002.
I.T. Act	The Income Tax Act, 1961, as amended from time to time

Listing Agreement	Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated November 26, 2009 and Amendments to Simplified Debt Listing Agreement for Debt Securities issued by Securities and Exchange Board of India vide circular no. SEBI/IMD/DOF-1/BOND/Cir-1/2010 dated January 07, 2010, further amendment to debt listing agreement and disclosure issued by SEBI vide circular no. CIR/IMD/DF/18/2013, Dated 29.10.2013.
Loss Absorbency	<p>The Bonds shall be subjected to loss absorbency features applicable for non-equity capital instruments vide RBI Master Circular No. DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 01, 2013 on Basel III capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital (Annex 5) and minimum requirements to ensure loss absorbency of additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the Point of Non-viability ("PONV") (Annex 16).</p> <p>Accordingly, the Bonds may at the option of the RBI either be permanently written off or temporarily written off on the occurrence of the trigger event called the Point of Non Viability. PONV trigger event shall be as defined in the aforesaid RBI Circular and shall be determined by the RBI.</p>
MF	Mutual Fund
MoF	Ministry of Finance
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited being the stock exchange on which, the Bonds of the Bank are proposed to be listed
PAN	Permanent Account Number
Private Placement	An offer or invitation to less than fifty persons to subscribe to the Bonds in terms of Sub-Section (3) of Section 67 of the Companies Act, 1956 (1 of 1956)
PONV	The Bonds, at the option of the Reserve Bank of India, can be temporarily written down or permanently written off upon occurrence of the trigger event, called the Point of Non-Viability Trigger ("PONV Trigger")
PONV Trigger	<p>The PONV Trigger event is the earlier of:</p> <ol style="list-style-type: none"> a decision that a temporary/ permanent write off is necessary without which the Bank would become non viable, as determined by the RBI; and the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non viable, as determined by the relevant authority. Such a decision would invariably imply that, the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. <p>For this purpose, a non-viable bank will be:</p> <p>A bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the Reserve Bank of India unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures would include temporary and/or permanent write-off in combination with or without other measures as considered appropriate by the Reserve Bank of India (RBI).</p> <p>A bank facing financial difficulties and approaching a PONV shall be deemed to achieve viability if within a reasonable time in the opinion of RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including write-off/public sector injection of funds are likely to:</p> <p>Restore confidence of the depositors/ investors;</p> <p>Improve rating/ creditworthiness of the bank and thereby improving its borrowing capacity and liquidity and reduce cost of funds; and Augment the resource base to fund balance sheet growth in the case of fresh injection of funds</p>
GIR	General Index Registration Number
Rs./ INR/ ₹	Indian National Rupee
RBI	Reserve Bank of India

Disclosure Document**Canara Bank**

RBI Norms/ RBI Guidelines	Master Circular No. DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 01, 2013 issued by the Reserve Bank of India on Basel III capital regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier 2 capital
RTGS	Real Time Gross Settlement
Registrar	Registrar to the Issue, in this case being Canbank Computer Services Ltd.
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended
TDS	Tax Deducted at Source
The Companies Act	The Companies Act, 1956 as amended from time to time
The Issue/ The Offer/ Private Placement	Private Placement of Non-Convertible Redeemable Unsecured Basel III compliant Tier 2 Bonds (Series II) for inclusion in Tier 2 Capital in the nature of Debentures of face value of Rs. 10 lakhs each ("Bonds") at par aggregating Rs. 1000.00 crore by Canara Bank

III. ISSUER INFORMATION

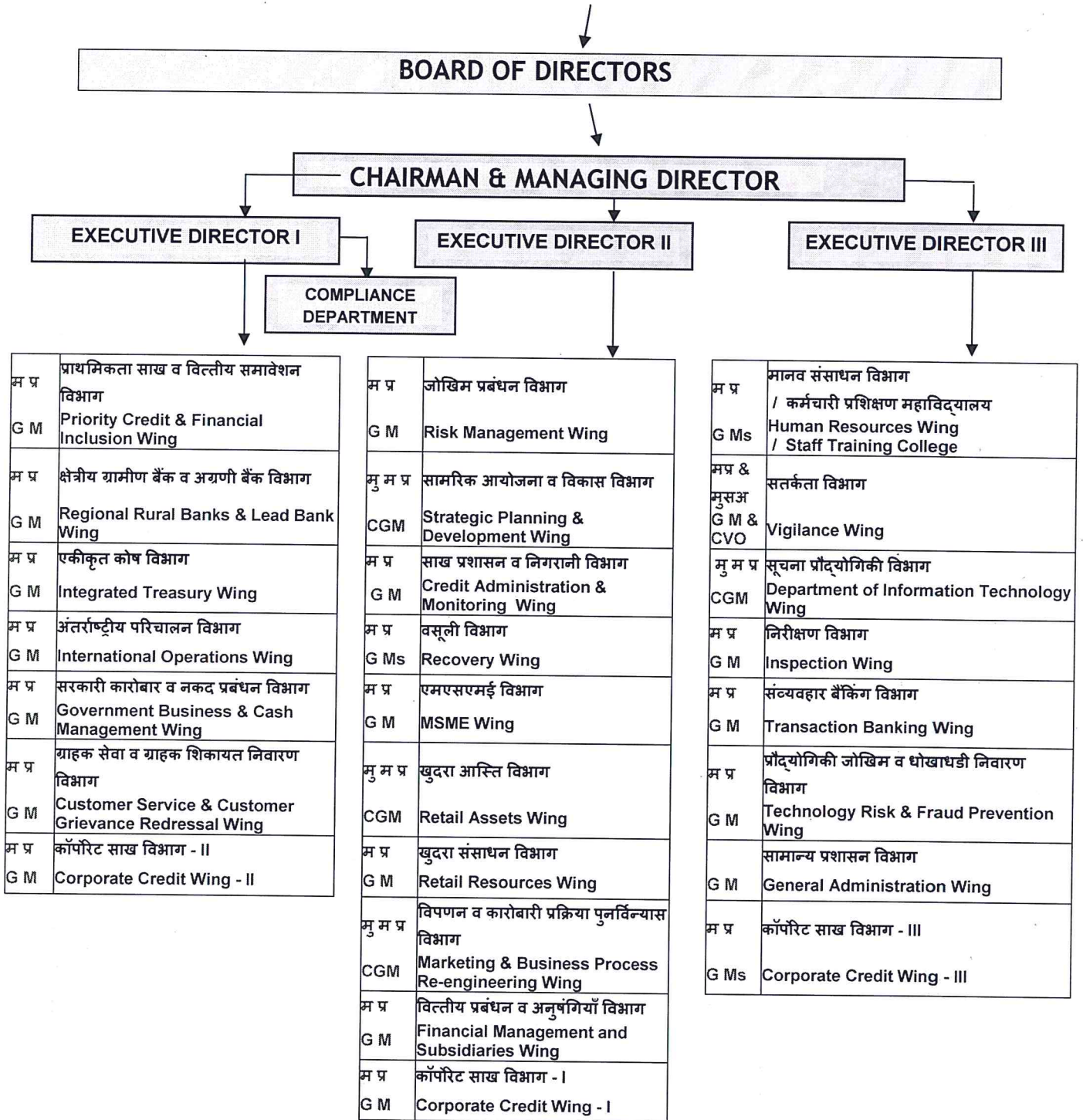
Name of the Issuer	Canara Bank	
Head Office	No. 112, J C Road, Bengaluru – 560002 Telephone No : 080 2222 1581 Fax No. 080 2222 2704 / 8831 Website: canarabank.com Treasury & Investments Division Integrated Treasury wing 7th Floor, Maker Chambers III, Nariman Point, Mumbai 400 021 Tel: 022 2280 0101 -106 Fax 022 2280 0100 E-mail: tidmum@canarabank.com	
Compliance Officer for the issue	B Nagesh Babu Company Secretary, Secretarial Department, Chairman & Managing Director's Secretariat, Head Office, 112, J.C. Road, Bengaluru - 560 002. Phone : 080- 2210 0250 Fax 080- 22248831 E.Mail : hosecretarial@canarabank.com	
Chief Financial Officer of the Issuer	Shri N Selvarajan General Manager & Chief Financial Officer Canara Bank Head Office, Bengaluru	
Trustees for the Bond Holders	Merchant Banking Division Vijaya Bank, Head Office 41/2 M G Road Trinity Circle Bangalore - 560001	
Registrar to the Issue	Canbank Computer Services Limited R&T Centre, #218, JP Royale, 1 st Floor, 2 nd Main, Sampige Road, (Near 14 th Cross), Malleswaram, Bangalore – 560 003.	
Credit Rating Agency	CRISIL CRISIL House Central Avenue Hiranandani Business Park Powai, Mumbai 400 076 Tele No. 022 33423000 Fax No. 022 33423001	ICRA 1105, Kailash Building 11 th Floor 26, Kasturba Gandhi Marg New Delhi 110 001 Tele No. 011 23357940-50 Fax No. 011 23357014

List of Arrangers



Standard Chartered Bank
 Crescenzo, 5th Floor, C-38/39 G Block, Bandra Kurla Complex, Mumbai 400 051
 Tel: +91 22 61158933/35
 Fax: + 91 22 61157000
 Contact Person: Anish Agarwal
 Email: anish.agarwal@sc.com

HEAD OFFICE - ORGANISATIONAL STRUCTURE



IV. DETAILS OF DIRECTORS OF THE ISSUER

1. CURRENT DIRECTORS OF THE ISSUER AS ON 05.03.2014

List of the Board Members of CANARA BANK as at 05.03.2014

Sl. No.	Name, Designation & DIN	Age	Address	Director of the company since	Details of other Directorship
1.	Shri.Rajiv Kishore Dubey Chairman and Managing Director DIN : 03302782	59 Y	Canara Bank 112,J.C.Road Head Office Bangalore - 02	11.01.2013	a) Canbank VentureCapital Fund Limited b) Canara Bank SecuritiesLimited c) Canbank Factors Limited d) Canbank Computer Services Limited; e) Canara Robeco Asset Management Company Limited f) Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited.
2.	Shri.Ashok Kumar Gupta Executive Director	59 Y	Canara Bank 112,J.C.Road Head Office Bangalore - 02	28.07.2011	Nil
3.	Shri. Vuppaladadium Sai Krishna Kumar Executive Director	59 Y	Canara Bank 112,J.C.Road Head Office Bangalore - 02	04.04.2013	a) Canbank Factors Ltd. b) Canara Bank Securities Ltd. c) Canbank Computer Services Ltd. d) Canbank Venture Capital Fund Ltd. e) Canbank Venture Capital Fund (Trust) f) Canara Robeco Asset Management Company Limited (Trustee)
4.	Shri.Pradyuman Singh Rawat	58 Y	Canara Bank 112,J.C.Road	05.08.2013	Nil

	DIN : 06701854		Head Office Bangalore - 02		
5.	Dr.Rajat Bhargava	50 Y	Joint Secretary (Budget) Dep. of Economic Affairs MOF, GOI	26.07.2013	_____
6.	Smt.Meena Hemchandra	57 Y	Principal, College of Agricultural Banking, Reserve Bank of India University Road Pune – 411 016	13.10.2011	Nil
7.	Shri. G.Varatharaju Manimaran	53 Y	Manager Canara Bank IIT Branch Shopping Complex, IIT Campus, Chen nai 600 036	03.01.2014	Nil
8.	Shri. Goriparthi Venkata Sambasiva Rao	58 Y	Special Assistant Canara Bank 4-1-954, Abid Road, Hyderabad- 500001	21.10.2011	Nil
9.	Shri.Sunil Hukumchand Kocheta	56 Y	Chartered Accountant Vardhaman Ausa Road Ramnagar, Latur, Maharas htra	06.12.2013	Nil

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10.	Shri.Sutanu Sinha	52 Y	ICSI House, 22 Institutional Area, Lodi Road, New Delhi-110003	17.10.2011	Nil
11.	Shri.Mocherla Sairam Bhaskar	50 Y	H.No.8-2-472/6, Road No.4, Banjara Hills Hyderabad - 500 034	05.12.2013	1. Centre for Exposition of World Art and Culture (Member, Executive Committee) 2. M. Bhaskara Rao & Co. (Member, Practice Management Council)
12.	Shri.Rajinder Kumar Goel	52 Y	E-1/11, (SF) Vasant Vihar New Delhi – 110 057	27.07.2013	1. First Consulting Solutions Pvt.Ltd. 2. Manav Infradevelopers Pvt.Ltd. 3.Ultra Buildtech Pvt.Ltd. 4. Prodigy Propbuild Pvt.Ltd. 5. Shri Balaji Gardencity Developers Pvt.Ltd. 6. Oasis Realtors & Promoters Pvt.Ltd. 7. Riddi Propmart Pvt.Ltd. 8. Prime Build Prop. Pvt.Ltd.
13.	Shri.Sanjay Jain	49 Y	Flat No. 802, Tower-2, Vipul Belmonte , Golf Course Road, Sector - 53, Gurgaon, Haryana - 122011.	27.07.2013	Nil

None of the Current Directors are appearing in the RBI defaulter list and / or ECGC default list .

2. CHANGE IN DIRECTORS OF THE ISSUER SINCE LAST THREE YEARS

CHANGE IN THE BOARD OF DIRECTORS OF THE ISSUER DURING THE LAST THREE YEARS, AS AT 31.12.2013

SL. NO.	NAME	DESIGNATION	DATE OF APPOINTMENT	DATE OF CESSATION	Director of the Company since (in case of resignation)	REMARKS
1	Shri.G.Padmanabhan	RBI Nominee Director	30.07.2010	12.10.2011	_____	Vide Notification dt.13.10.2011 Smt.Meena Hemchandra was appointed in place of Shri.G.Padmanabhan
2	Shri. S. Raman	Chairman and Managing Director	01.09.2010	30.09.2012	_____	Superannuation
3	Dr.Thomas Mathew	GOI Nominee Director	29.10.2010	15.11.2012	_____	Vide Notification dt.16.11.2012 Smt.Sudha Krishnan was appointed in place of Dr.Thomas Mathew
4	Shri.G.V.Manimaran	Other than Workmen Representative	14.12.2010	13.12.2013	_____	_____
5	Shri. H.S.Upendra Kamath	Executive Director	26.03.2009	31.03.2011	_____	Appointed as Chairman and Managing Director of Vijaya Bank
6	Smt.Archana. S. Bhargava	Executive Director	01.04.2011	22.04.2013	_____	Appointed as CMD of United Bank of India

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7	Shri.Jagadish Pai K.L.	Executive Director	04.02.2009	30.06.2011	_____	Superannuation
8	Shri.Ashok Kumar Gupta	Executive Director	28.07.2011	_____	_____	Continuing on the Board
9	Shri.S.Shabbeer Pasha	Part Time Non-Official Director	22.08.2011 (Resignation)	_____	20.02.2009	Elected as Shareholder director in Corporation Bank
10	Shri.Devender Dass Rustagi	Workmen Representative	15.09.2008	14.09.2011	_____	_____
11	Smt.Meena Hemchandra	RBI Nominee Director	13.10.2011	_____	_____	Continuing on the Board
12	Shri.Sutanu Sinha	Part Time Non-Official Director	17.10.2011	_____	_____	Continuing on the Board
13	Shri.G.V.Sambasiva Rao	Workmen representative Director	21.10.2011	_____	_____	Continuing on the Board
14	Shri. Pankaj Gopalji Thacker	Part Time Non Official Director	20.02.2009	19.02.2012	_____	_____
15	Smt.Sudha Krishnan	GOI Nominee Director	16.11.2012	25.07.2013	_____	Vide Notification dt.25.07.2013 Dr.Rajat Bhargava was appointed in place of Smt.Sudha Krishnan
16	Shri.R.K.Dubey	Chairman and Managing Director	11.01.2013	_____	_____	Continuing on the Board

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17	Shri.V.S.Krishna Kumar	Executive Director	04.04.2013	_____	_____	Continuing on the Board
18	Dr.Rajat Bhargava	GOI Nominee Director	26.07.2013	_____	_____	Continuing on the Board
19	Shri.P.V.Maiya	Shareholder Director	27.07.2010	26.07.2013	_____	_____
20	Shri.Sunil Gupta	Shareholder Director	27.07.2010	26.07.2013	_____	_____
21	Shri.Rajinder Kumar Goel	Shareholder Director	27.07.2013	_____	_____	Continuing on the Board
22	Shri.Sanjay Jain	Shareholder Director	27.07.2013	_____	_____	Continuing on the Board
23	Shri.Brij Mohan Sharma	Shareholder Director	27.07.2013	31.12.2013	_____	Demitted the Office
24	Shri Pradyuman Singh Rawat	Executive Director	05.08.2013	_____	-	Continuing on the Board
25	Shri Mocherla Sairam Bhaskar	Part Time Non Official Director	05.12.2013	_____	-	Continuing on the Board
26	Shri Sunil Hukumchand Kocheta	Non Official Director	06.12.2013	_____	-	Continuing on the Board

V. DETAILS OF STATUTORY AUDITORS OF THE ISSUER

1. CURRENT STATUTORY AUDITORS OF THE ISSUER

Details of the statutory auditors of the Issuer as under:

SL No	Name of Statutory Auditors	Firm Registration No	Address & Contact Details	Auditor since
1	M/s Loonker & Co.,	000172 W	M/s. Loonker & Co. Chartered Accountants 11 Hyder Building sojatigate JODHPUR 342 001 RAJASTHAN 022-22825580, 22856740 Fax: 022-22873044 scloonker@gmail.com gopikishan.jangid@yahoo.com cajagdish77@gmail.com	Dec 2012
2	M/s P Chopra & Co.,	004957 N	M/s P Chopra & Co Chartered Accountants 10 Duggal Colony KARNAL 132 001, HARYANA 0184-2253097, 0184-2273471 Fax 0184-4040100 chopra.pkca@rediffmail.com chopra.pkca@gmail.com	Dec 2012
3	M/s.H K Chaudhry & Co.	006154 N	M/s.H K Chaudhry & Co Chartered Accountants 1/9-B, Jindal House I Floor, Asaf Ali Road NEW DELHI 110 002 011-2323 2510, Fax: 011- 2332 1101 hkcdelhi@yahoo.co.in minder2006soni@yahoo.co.in	Sep 2010
4	M/s A R Das & Associates	306109 E	M/s A R Das & Associates Chartered Accountants 1,2&3 Woodburn Court Woodburn Road KOLKATA 700 020 033-22812976, 033-22904375, Fax 033-22812976 ardsys2002@rediffmail.com syamal.nayak@gmail.com swarnendu_c@yahoo.co.in	Dec 2012
5	M/s. K Venkatachalam Aiyer & Co.,	004610 S	M/s. K Venkatachalam Aiyer & Co., Chartered Accountants Sriniketan, P B No.12 Chettikulanagara Thiruvananthapuram 695 001 0471-2476280, 2477719 0484-2396511 Fax: 0471-2479181 agopalk@sify.com devarajanv@gmail.com	SEP 2010

2. CHANGE IN STATUTORY AUDITORS OF THE ISSUER SINCE LAST THREE YEARS

Changes in the statutory auditors of the Issuer during the last three years are as under:

Name	Address	Date of Appointment	Date of Cessation	Auditor of the Issuer since	Remarks
M/s S Bhandari & Co.	Chartered Accountants P-7, Tilak Marg C-Scheme JAIPUR 302 005	15.09.2009	06.11. 2012	SEP 2009	
M/s Manubhai & Co.	Chartered Accountants II Floor, 'B' Wing, Premium House Near Gandhigram Railway Station Navrangpura, AHMEDABAD 380 009	15.09.2009	06.11. 2012	SEP 2009	
M/s R K Kumar & Co.	Chartered Accountants II Floor, Congress Building 573 Mount Road CHENNAI 600 006	15.09.2009	06.11. 2012	SEP 2009	
M/s Nandy Halder & Ganguli	Chartered Accountants 18 Netaji Subhas Road (Top Floor) KOLKATA 700 001	15.09.2009	06.11. 2012	SEP 2009	
M/s S P Chopra & Co.	Chartered Accountants 31-F Connaught Place NEW DELHI 110 001	03-.01.2013	03.08.2013	DEC 2012	

Date of Cessation:: Date of adoption of last Balance Sheet signed by the firm has been considered as date of cessation.

VI. BRIEF SUMMARY OF BUSINESS/ ACTIVITIES OF ISSUER AND ITS LINE OF BUSINESS (31.03.2013)

1. Main Objects of the Bank

Founded as 'Canara Bank Hindu Permanent Fund' in 1906, by late Shri Ammembal Subba Rao Pai, a philanthropist, this small seed blossomed into a limited company as 'Canara Bank Ltd.' in 1910 and became Canara Bank in July 1969 after nationalization. The main objects of the Bank at the time of the nationalization, as laid down in the Banking Companies (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."

2. 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, depository participant services, investment banking, credit card business, bancassurance, leasing & hire purchase etc.

FINANCIAL PERFORMANCE

During the last year, the Bank took a conscious decision to de-risk the balance sheet by shedding a substantial portion of bulk business both on high cost, including Certificate of Deposits as well as short term unsecured corporate loans. The performance of the Bank on the business, profits and profitability fronts are as under.

The Bank earned a net profit of ₹2872 crore for 2012-13 compared to ₹3283 crore last year. Operating profit of the Bank stood at ₹5890 crore compared to ₹5943 crore last year. Return on average assets (RoAA) for the year stood at 0.77%. Profit per employee worked out to ₹6.96 lakh for the year.

Key Financial Ratios (%)	March.2012	March.2013
Cost of Funds	6.72	6.96
Yield on Funds	8.95	9.05
Cost of Deposits	7.35	7.72
Yield on Advances	10.93	11.13
Yield on Investments	7.96	8.12
Spread as a % to AWF	2.23	2.09
Net Interest Margin (NIM)	2.50	2.40
Operating Expenses to AWF	1.35	1.37
Return on Avg. Assets (RoAA)	0.95	0.77

Return on Equity	18.75	14.03
Business per Employee (₹ in Crore)	13.74	14.20
Profit per Employee (₹ in Lakh)	8.21	6.96
Book Value (₹)	429.51	490.56
Earnings per Share (₹)	74.10	64.83

AWF - Average Working Funds Capital and Reserves

Networth of the Bank, as at March 2013 increased to ₹21732 crore compared to ₹19027 crore as at March 2012. While total paid-up capital of the Bank was ₹443 crore, reserves and surplus increased to ₹24435 crore. The Government Shareholding in the Bank stood at 67.72% as at March 2013.

(Amt. in ₹ Crore)

Composition of Capital	March 2012	March 2013
Risk Weighted Assets	210875	243348
Tier I Capital	21829	23776
CRAR (%) (Tier I)	10.35	9.77
Tier II Capital	7179	6388
CRAR (%) (Tier II)	3.41	2.63
Total Capital	29008	30164
CRAR (%)	13.76	12.40

Capital Adequacy Ratio stood at 12.40%, with Tier I capital ratio at 9.77% as at March 2013. The Bank has adequate headroom available under both Tier-I and Tier-II options to raise capital to support business growth momentum.

BUSINESS GROWTH

Deposits

Total Deposits of the Bank registered a growth of 8.8% to reach ₹355856 crore as at March 2013 compared to ₹327054 crore a year ago. During the year, the Bank shed about ₹74500 crore of high cost deposits, including Certificate of Deposits. As a result, the share of high cost bulk deposits including CDs came down from 45% as at March 2012 to 20% as at March 2013.

The Bank's CASA deposits reached ₹86061 crore as at March 2013. The Bank's CASA deposits to domestic deposits stood at 25.12%. Savings deposits rose by 9.8% to ₹71168 crore as at March 2013. During FY13, the Bank launched nationwide campaigns to mobilize CASA deposits. During the campaign period, the Bank brought in about 30 lakh fresh CASA clientele and about ₹6100 crore CASA deposits in the new accounts.

Pursuing a strategy of broad-basing deposit clientele, all the branches together added 42 lakh deposit accounts, taking the total number of deposit accounts to 4.17 crore.

Advances (net)

During the year, the Bank's net advances reached ₹242177 crore compared to ₹232490 crore a year ago. The moderate growth in advances was due to shedding of bulk advances viz., short term unsecured corporate loans amounting to ₹22000 crore.

The Bank's diversified credit portfolio include all productive segments of the economy like agriculture and Micro, Small and Medium Enterprises (MSME), exposure to corporates and infrastructure segments. As at March 2013, the number of borrowal accounts increased to 53 lakh from 45 lakh last year.

Productivity, as measured by business per employee, increased to ₹14.20 crore from ₹13.74 crore a year ago.

During the year, the Bank's total clientele base increased to 4.7 crore from 4.2 crore last year.

Retail Lending Operations

Outstanding retail lending of the Bank reached ₹23084 crore as at March 2013. The disbursements under the retail lending stood at ₹8710 crore. The outstanding housing loan portfolio stood at ₹13134 crore, constituting 57% of the total retail lending portfolio. The Bank's advances under Housing Loan (direct) increased to ₹8688 crore.

The Bank took several measures during the year to expand retail credit. The Bank introduced new retail loan products, viz., Canara Home Loan Plus, Canara Consumer Loan and Canara Loan against Property. Two Central Processing Units (CPUs) at Bhopal and Ludhiana were upgraded as Retail Asset Hubs, taking the total tally under Retail Asset Hubs to 42 and 3 CPUs at major centers across the country.

Education Loans

Over the years, the Bank has supported lakhs of promising students to pursue higher education in India and abroad. The Bank's education loan portfolio increased to ₹4343 crore. The Bank has financed more than 2.17 lakh students as at March 2013. The Bank is designated as the nodal bank for administering subsidy under the Central Sector Scheme for Interest Subsidy on education loans.

TREASURY

Aggregate investments (net) of the Bank were at ₹121133 crore as at March 2013. Portfolio modified duration increased to 4.73 years from 4.62 years as at March 2012. The modified duration of the Available for Sale (AFS) portfolio increased to 4.16 years as at March 2013 from 3.23 years as at March 2012 due to redemption of short dated securities and fresh investments made in medium and long dated securities. The trading profit for the year was ₹676 crore as against ₹324 crore last year. The yield on investments improved to 8.12% compared to 7.96% a year ago.

The Bank continues to be an active player in Government Securities as a primary dealer. The total amount of bids submitted for underwriting was ₹107103 crore, of which, the underwriting commitment accepted by the RBI was ₹69347 crore. During the second half year, the Bank achieved 51.84% success ratio as against minimum success ratio of 40% of its obligation as a Primary Dealer.

Foreign Business Turnover of the Bank aggregated to ₹143795 crore, comprising ₹54328 crore under exports, ₹40391 crore under imports and ₹49076 crore under remittances as at March 2013. Outstanding export credit of the Bank stood at ₹10067 crore as at March 2013.

INTERNATIONAL OPERATIONS

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

All overseas branches recorded improved business performance during the year. Total business of the five overseas branches aggregated to ₹28786 crore for the financial year ending March 2013, constituting 4.8% of the Bank's total business.

The Bank has approval from RBI for expansion in 9 other international centers, namely, Qatar Financial Centre (Qatar), Johannesburg (South Africa), Frankfurt (Germany), New York (USA), Sao Paulo (Brazil), Dar-es-Salaam (Tanzania), Tokyo (Japan), Abuja (Nigeria) and Jeddah (Saudi Arabia). In this regard, the Bank has filed application with regulators of Qatar, Germany and USA. The Bank has already received consent from South African Reserve Bank for opening a branch at Johannesburg.

The Bank's international operations are well supported by a wide network of 373 Correspondent Banks, spread across 79 countries. Rupee Drawing Arrangement has been made with 30 Exchange Houses and 16 Overseas Banks in the Middle East for channelizing the remittances of Non-Resident Indians. The Bank has been managing two Exchange Houses viz., Al Razouki International Exchange Company, Dubai and Eastern Exchange Est., Qatar under Secondment and Management Agreement respectively.

'Remit Money', a Web Based Speed Remittance product has been extended to 29 Exchange Houses and to 4 overseas branches, viz., London, Leicester, Shanghai and Hong Kong. During the year, the Bank has approved arrangements under Remit Money with three more Exchange Houses in UAE.

OTHER SERVICES

The Bank's Merchant Banking Division handled Private Placement Capital Gain Bond Issues of National Highways Authority of India (NHAI) and Rural Electrification Corporation Ltd (REC) as Arrangers. The amount mobilized in respect of Capital Gain Bonds Issue of NHAI and REC during the year was ₹83.95 crore. Seven specialized assignments of 'Fair Valuation of Equity' were also handled by the Division during the year.

The Bank acted as Collecting Banker for 3 Private Placement Issues, involving an amount of ₹1285.78 crore. The number of Public and Debt Issues handled under Application Supported by Blocked Amount (ASBA) by designated Branches was 30 and the amount blocked was ₹44.12 crore. The number of designated Branches under ASBA increased from 152 to 1874 as at March 2013.

The Syndication Group handled projects, involving project cost of ₹3283 crore during the year, with a total debt size of ₹2257 crore. The Group generated fee-based income from the syndication operations. The funds are arranged for projects in various segments like Road, Sugar, Metrorail, etc.

The Bank has tie-up arrangements in both life and non-life insurance segments under its 'Bancassurance' arm. The Bank earned a commission income of ₹25.90 crore from its joint venture viz., Canara HSBC OBC Life Insurance Company Ltd. Under the Mutual Fund business, the Bank earned a commission of ₹4.95 crore from its joint venture viz., Canara Robeco Asset Management Company Ltd. The Bank's tie-up arrangement with M/s United India Insurance Company Ltd (UIICL) for Non-Life (General) Insurance business has resulted in a commission income of ₹11.92 crore during the year. The Bank has also Corporate Agency Agreement with M/s Export Credit Guarantee Corporation of India for marketing export policies through its branches across India.

Under Card Business, the Bank took several initiatives to expand credit and debit-cum-ATM card base. The total debit card base of the Bank increased to 95.53 lakh as at March 2013. Income under card business during the year was at ₹131 crore.

The Bank offers its 'Depository Services' from 46 DP Service Centers spread across 36 centers in the country. Through these Centers, the Bank is extending Online Trading Facility to DP clients from its own broking subsidiary M/s Canara Bank Securities Limited, Mumbai.

Executor, Trustee and Taxation Services outfit of the Bank provides services like Debenture/Security Trusteeship, Will and Executorship, Trusteeship, Personal Tax Assistance and Power of Attorney Services. During the year, it generated fee based income of ₹1.52 crore.

Under Government Business, comprising Direct and Indirect Tax collections, payment of pensions of various departments, Ministry Accounts, Postal Department, Public Provident Fund Scheme and issue of bonds of RBI and Government of India, the Bank earned an income of ₹72.43 crore during the year.

The Bank has been authorized as the accredited banker for Ministry of Human Resources Development (MHRD), handling Department of School Education and Literacy, Department of Higher Education, Department of Arts – Archeological Survey of India, Ministry of Culture and Ministry of Youth Affairs and Sports. The Bank has developed a

Web-Portal for Ministry of HRD for e-tracking of funds under the Sarva Shiksha Abhiyan (SSA) Scheme and implemented the web portal in all the States. The Bank has implemented E-payment of Sales Tax/ Commercial

Tax in Maharashtra, Tamil Nadu, Karnataka, Andhra Pradesh, Bihar and Delhi, Virtual Treasury Package in Maharashtra, E-Payment of Taxes to Transport Department in Tamil Nadu and Collection of Property Tax for the Corporation of Chennai in Tamil Nadu. The Bank has also introduced E-challans/Scrolls for CPPC, Package and acceptance of online subscription for NPS.

The Bank is authorized as one of the accredited Bankers for Unique Identification Authority of India (UIDAI), New Delhi. The UIDAI was established in February 2010, as an agency of Government of India, responsible for implementing the Multipurpose National Identity Card or Unique Identification Card (UID Card) project in India. The project is implemented in 8 Centres at present and the Bank's branches at these Centres have been designated as the branches for handling the UIDAI accounts.

During the year, the Bank has entered into a MoU with Ministry of HRD for implementing Maulana Azad National Fellowship, 6 UGC Scholarship Schemes and National Scheme of Incentives to Girls for Secondary Education (NSIGSE).

The Bank has implemented E-payment of Customs in 103 locations as per the direction of the Central Board of Excise and Customs, New Delhi, with effect from 16.01.2012.

E-stamping project is introduced in 10 branches in Bengaluru. The project is under implementation at other 26 branches situated in the District Head Quarters in the State of Karnataka.

Agricultural Consultancy Services (ACS) outfit of the Bank handled 86 assignments. These 86 assignments consisted of 42 appraisals, 10 viability studies, 27 vettings and 7 other studies and trainings. The total outlay of the assignments works out to a term loan component of ₹709 crore and non-interest income derived by the Bank in the form of processing fee was ₹7.09 crore.

ASSET QUALITY AND RISK MANAGEMENT

Asset Quality

The Bank has performed well in containing Non-performing Assets (NPA) and made record cash recoveries. The gross NPA level of the Bank stood at ₹6260 crore, with a gross NPA ratio at 2.57% as at March 2013. The Bank's gross NPA ratio continues to be one of the lowest among peers. With a Net NPA level of ₹5278 crore, the net NPA ratio was at 2.18%.

Cash Recovery during FY13 aggregated to a record ₹4006 crore compared to ₹3296 crore for FY12. Out of this, recovery from written off accounts at branches, write-back and unapplied interest together amounted to ₹1488 crore.

During the last year, recovery amounting to ₹1560 crore was made under SARFAESI Act. The Bank conducted 22500 recovery meets, which resulted in a recovery of ₹1250 crore. Under Lok Adalat, 820 cases were settled covering ₹14.50 crore. During the year, an amount of ₹851 crore was upgraded on account of recovery/rehabilitation. Besides, the Bank took several initiatives to contain slippages and speed up recovery from overdue loan accounts. These include identification of stressed accounts for restructuring/rephasing in time, conduct of Canadalats at branch level and mega adalats at Circle level for one time settlements, regular follow-up of overdues in loan accounts through Call Centre and e-auctions. The Bank also formulated a special scheme for settlement of small NPAs and for MSMEs below ₹1 crore.

Risk Management

An Independent Risk Management Wing at the Head Office is functioning as a nodal centre for overall implementation of various risk management initiatives across the Bank. Integrated Mid-Office (Domestic and Forex Treasury) is

functioning under the Risk Management Wing for effective and independent supervision and monitoring of Market Risk in investment and forex functions. Risk Management Sections are functioning at all the 34 Circle Offices of the Bank as an extended arm of the Risk Management Wing.

The Bank has in place Risk Management Policies across geographies and across all risks encompassing the entire gamut of risk profile. These include policies on Credit Risk Management, Market Risk Management and Operational Risk Management.

An Internal Capital Adequacy Assessment Process (ICAAP) under Pillar 2 of Basel II Norms is in place. The ICAAP exercise covers the domestic, overseas operations of the Bank, the subsidiaries, sponsored entities and associates. Linkages to Stress Test Scenarios are also documented in ICAAP. The ICAAP document is reviewed and approved by the Risk Management Committee of the Board and the Board of Directors.

A Capital Planning Committee is operational at Head Office and this Committee articulates the macro economic scenarios vis-à-vis the Capital requirements of the Bank in tune with business strategies. The Committee ensures maintenance of appropriate level of CRAR and evaluates various options for raising Capital.

Adoption of Advanced Approaches under Basel II

In the Bank's endeavor to move towards Advanced Approaches under Basel II for computation of Capital for Credit, Market and Operational Risk, the service of a Consultant for implementation of Enterprise Wide Integrated Risk Management solution in the Bank and its Group Entities is engaged to provide assistance to the Bank in building the requisite risk management framework.

The Bank has submitted Letter of Intent to RBI for adoption of Internal Rating Based (IRB) Approach for calculation of capital charge for Credit Risk and applications for moving over to advanced approaches for Market Risk and Operational Risk shall be submitted in a phased manner.

Preparedness for Basel III

As per Bank's internal estimate carried out to assess the impact of Basel III, the Bank shall remain adequately capitalized with CET 1 & Tier 1 capital well above the stipulated requirement. Also, sufficient headroom is available with the Bank to raise the capital in case of any shortfall in future.

With the quantum and quality of capital that the Bank is having in its books, it is expected that the transition to Basel III regime would be met without any difficulty upto FY 2014. Moving ahead, the Bank's capital requirement shall be met by injecting fresh equity capital, retention of profit, optimization of business levers and proactive capital planning and management.

Credit Risk Management

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

- Pricing based on credit risk rating.
- Entry barriers fixed based on risk rating.
- Credit sanctioning powers are delegated to various authorities based on internal risk rating of the borrowers.
- Committee approach for credit sanctioning beyond branch powers have been introduced.
- An exclusive Credit monitoring policy has been put in place. The loan review mechanism articulated in the Credit Monitoring Policy covers the entire gamut of review and monitoring to be an effective tool for evaluating the loan book continuously and intends to bring out qualitative improvements in credit administration including Credit Audit duly administered by the Credit Administration & Monitoring Wing.

Market Risk Management

The Market Risk framework of the Bank aims at maximizing the return by providing inputs regarding the extent of market risk exposures, the performance of portfolios vis-à-vis the risk exposure and comparable benchmarks.

Integrated Mid-Office at Risk Management Wing is monitoring Market Risk Exposure. Exposure limits, such as, Stop Loss Limits on trading book, Intraday and overnight limit for various currency positions, Dealer-wise limits, Aggregate Gap Limit, Limits on Money Market Operations, Modified-duration limits for Investment portfolio and VaR limits are fixed to act as risk mitigants/triggers. These limits along with other triggers are tracked daily and necessary actions are initiated. Reporting system is strengthened for effective Market Risk Management.

Operational Risk Management

Operational Risk Management framework in the Bank is based on ethics, organization culture and strong operating procedures, involving corporate values, internal control culture, effective internal reporting and contingency planning.

The Bank has adopted policies for management of Operational Risk, which covers various aspects, such as, Operational Risk Management Structure, Outsourcing Activities, Business Continuity Plan, Insurance and Legal Risks.

Asset Liability Management

An effective Asset Liability Management (ALM) system, addresses issues related to liquidity and interest rate risks in order to maintain a good balance among spreads, profitability and long-term viability. The Board of Directors of the Bank has constituted an Asset Liability Management Committee (ALCO) to oversee ALM functions, including fixation of interest rates for various components of assets and liabilities, its composition, maturity and duration.

Group Risk

The Bank has various Subsidiaries, Joint Ventures and Sponsored Entities, which are engaged in diversified activities. As the Bank has considerable stake in these Group Entities, it has adopted a Group Risk Management Policy to identify and manage risk in Intra-Group transactions and exposures, to raise the standard of Corporate Governance by reducing /avoiding conflicts of interest between the Group Entities and to ensure 'Arms Length Principle' among the entities in regard to business parameters.

NATIONAL PRIORITIES

Priority Sector Advances

The Bank continues to accord importance to varied goals under national priorities, including agriculture, micro & small enterprises, education, housing, micro-credit, weaker sections, SC/STs and specified minority communities.

Priority Sector Advances of the Bank as at March 2013 reached ₹78998 crore, covering over 48 lakh borrowers.
(Amt. in ₹ Crore)

Priority Sector Advances	As at March		Growth	
	2012	2013	Amount	%
Total Priority Sector	67383	78998	11615	17.24
Agriculture	31946	40786	8840	27.67
Direct Agriculture	27848	37984	10136	36.40

With a focus on credit delivery to agriculture, the Bank's advances under agriculture portfolio increased to ₹40786 crore, covering over 40 lakh farmers and achieved 18.22% of ANBC, surpassing the mandatory target of 18%.

Advances under Direct Agriculture stood at ₹37984 crore. The major accretion under Agriculture was under Direct Agriculture lending. The Bank crossed the mandated level of 13.50% of ANBC, by reaching 16.97%. Advances to Direct Agriculture increased by ₹10136 crore, showing a growth rate of 36.4%. The Bank undertook special campaigns for extending Crop Loans/General Credit Cards (GCCs) facility to all farmers/non-farmers.

As at March 2013, the outstanding advances under the following Schemes aggregated to ₹652 crore, involving 1.33 lakh beneficiaries.

As at March 2013, advances to specified minority communities aggregated to ₹14369 crore, accounting for 18.19% of the total priority sector advances against the stipulated level of 15%.

MSME Lending

Advances to Micro, Small and Medium Enterprises (MSMEs) reached ₹37016 crore as at March 2013. The Bank has covered 73083 accounts with a loan amount of ₹2528 crore as at March 2013 under the Credit Guarantee Scheme of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).

Financial Inclusion

With the basic objective of bringing the large unserved population under the banking mainstream, the Bank is striving towards a more inclusive growth by making financial products and services available to the poor in particular. As per the Government of India and the Reserve Bank of India directions, the Bank has been actively pursuing the agenda of Financial Inclusion (FI), with key interventions in four groups, viz., expanding banking infrastructure, offering appropriate financial products, making extensive and intensive use of technology and through advocacy and stakeholder participation.

The Bank has successfully covered all the allotted 1624 villages (spread across 24 States) with population above 2000 for providing banking facilities. After ensuring coverage of villages in the more than 2000 population category, the Bank has covered 1255 villages in the less than 2000 population category.

Micro Insurance

During the year, the Bank provided life coverage to 31117 group members under Micro Insurance Policy and 51185 group members cumulatively.

Electronic Benefit Transfer (EBT)

The Bank has taken up implementation of EBT for payment of MGNREGA wages and Social Security Pension (SSP) in Chitradurga, Bellary, Gulbarga and Yadgir districts in Karnataka. In Tamil Nadu, the Bank implemented EBT for the payment of SSP.

Micro Finance Branches

The Bank has opened 19 Micro Finance Branches in urban centres, which contributed a total business of ₹211 crore.

AADHAAR Enrolments

Pilot Project for Aadhaar enrollments is undertaken in 8 States, covering 1.95 lakh residents. The Bank has already entered into agreement with UIDAI by signing Aadhaar User Authentication (AUA) Agreement and with NPCI for Aadhaar Enabled Payment System (AEPS) & Aadhaar Payment Bridge System (APBS). The Bank is on-board with NPCI & UIDAI. The Bank is also participating in pilot project for direct credit of LPG subsidy.

CORPORATE SOCIAL RESPONSIBILITY

Following the century old tradition and founding principles, the Bank is engaged in varied Corporate Social Responsibility (CSR) activities. CSR initiatives of the Bank are multifarious, covering activities like training

unemployed rural youth, providing primary health care, drinking water, community development, empowerment of women and other initiatives.

Rural Development

The Bank, through its Canara Bank Centenary Rural Development Trust (CBCRDT), has established 31 exclusive training institutes, including 24 Rural Self Employment Training Institutes, 3 Artisan Training Institutes and 4 Institutes of Information Technology to promote entrepreneurship development among rural youth and encourage them taking up self-employment activities. During 2012-13, these training institutes trained 26075 candidates, taking the tally to 1.76 lakh unemployed youth since inception, with an impressive settlement rate of 73%.

InfoTech Progress

The Bank took several initiatives on the InfoTech front during the year. The Bank now offers several technology banking services, such as, Internet Banking, Mobile Banking, Funds Transfer through NEFT and RTGS, SMS Alerts, IVRS based enquiry across all its branches. The Bank also offers online trading facility to its clients through its own subsidiary M/s Canara Bank Securities Ltd.

As at March 2013, the Bank had 3526 ATMs spread across 1296 centres. Under mobile banking, the Bank enabled interbank mobile payment service (IMPS) using IFSC code and account number for transfer of funds and merchant payments (mobile top up) through IMPS on IVRS.

SMS/ E-mail alerts have been enabled on rate of interest changes, inoperative CASA accounts, deposits due date reminder, reminder alerts on the issuance of cheque books, alerts on loan installment and arrears for customers. Internet based online loan applications and status tracking system was developed and released for 15 loan products including consumer loans, education loans, kisan credit card, farm machinery loan, diary loan, corporate loans, etc.

Canara Public Grievances Redressal System has been developed in-house and enabled for general public for registering grievances online.

Several Government business modules were implemented including core accounting solution (Govt. E-payment gateway) for disbursement of funds through digitally signed payment authorizations, software module for E-payment of Prime Minister's National Relief Fund, release of National Pension System online software, E-scroll functionality implementation in Central Pension Processing Centre for claiming reimbursement of pension payments.

The notable development during 2012-13 was the completion of Automated Data Flow (ADF) process, ensuring accurate and timely data flow to the Reserve Bank of India without manual intervention. Enterprise-wide Data Warehouse (EDW) project has already been initiated for setting up an effective EDW architecture, with Business Intelligence/ Business Analytics modules for management decision support and business expansion.

Manpower Profile

As at March 2013, the Bank had 42693 employees on its rolls.

There were 941 Physically Challenged Employees on the rolls of the Bank.

The Bank has been strictly adhering to the Reservation Policy in respect of Scheduled Castes and Scheduled Tribes as per the Govt. of India guidelines.

(a) Reservation Policy is implemented through mechanism of Post Based Rosters. In terms of the directives of the Ministry of Finance, Government of India, the Bank has since switched over to Post Based Rosters for all cadres.

(b) The Bank has been extending Reservation/Relaxations/Concessions in Direct Recruitment as well as in promotions to candidates belonging to Scheduled Castes and Scheduled Tribes as per the Govt. guidelines.

Human Resource Development (HRD) Activities

The HR policies of the Bank have been revisited to suit the changing banking scenario. HR interventions like SPANDAN for bringing attitudinal change among front line staff 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 fostering collective excellence.

'Jagaran' was a soft skills training programme conceived to de-stress employees through the institutes of repute at external venues on residential basis. During the year, 7584 Officers and Clerks were trained under this programme.

Further, the Bank's quest to enhance the competencies of the workforce continued through focused and need based trainings at various institutes of repute like IIMs, JNIBF, ISB, XLRI and NIBM. Customized programmes are also organized to develop expertise in certain niche areas like Risk Management, Treasury Operations and IT.

Changes in the Organizational Setup

The organizational design and structure are continuously revisited and studied for functional excellence.

Keeping in view the increased business complexities, the need for more focus on certain key functional areas, the re-organization/re-aligning functions of Wings at Head Office was undertaken. A new Wing, namely, Marketing and Business Process Reengineering Wing was formed during the year.

Customer Orientation

The Bank has taken several initiatives to remain customer focused through providing fast service, bringing in diversified products/services, responding to customer's queries and redressal of customer complaints. The 'Code of Commitment to Customers' issued by BCSBI is made available in the Bank's website. To assess the quality of customer service rendered by the branches and to get feedback, "Customer Satisfaction Survey Form" is made available in the Bank's website.

Call Centre is functioning to cater to customers in 6 regional languages for redressal of grievances. The number of calls received by the Call Centre during the year is more than 10.28 lakh and percentage of complaint redressal is 98%.

Centralised Pension Processing Cell has been established exclusively for handling Central Government pensions and resolving pension related grievances. Central Processing Centres are established at selected places for account opening purposes. The Bank has implemented online grievance redressal facility for customers in the Website, to lodge their grievances online under the portal Canara Public Grievance Redressal System (CPGRS).

Systems and Procedures

Risk Based Internal Audit (RBIA) was conducted in 2327 branches/ units programmed for on-site RBIA during the year. Information Security Audit was conducted along with RBIA. Concurrent/ Continuous Audit is conducted in 730 identified branches/ units (covering 70.2% of deposits and 80.5% of advances) as on 31.03.2012 as per RBI guidelines. Income/revenue audit was conducted on quarterly basis in 543 identified branches as per Jilani Committee Recommendations. RBIA was also conducted in 26 Circle Offices and 15 Wings of Head Office during the last year.

Know Your Customers (KYC)

The Bank took several measures for the effective implementation of Know Your Customer (KYC) and Anti Money Laundering (AML) guidelines and for ensuring KYC compliance by all branches.

To ensure better compliance of guidelines on KYC / AML, following steps have been initiated.

The Bank has ensured 100% submission of Cash Transaction Reports (CTRs) and Non-profit Organizations Transactions Reports (NTRs) to Financial Intelligence Unit (FIU).

Suspicious Transaction Reports (STRs) and Counterfeit Currency Reports (CCRs) are submitted to FIU promptly.

Snap Audits conducted every month at 80 randomly selected branches, covering all Circles to verify adherence to KYC/AML norms.

A onetime Special KYC audit was conducted at 343 randomly selected branches covering entire geographic area during July 2012 to verify updation of KYC data (document details) in the system.

Risk Categorization of customers has been done centrally as per Hybrid Model recommended by the IBA Working Group.

Vigilance Setup

The Vigilance Wing of the Bank is headed by the Chief Vigilance Officer (CVO) in the rank of General Manager. The CVO is assisted by Vigilance Officers stationed at all Circles, Head Office, RRBs and the Bank's Subsidiaries. The objectives of the Vigilance Wing are to ensure that discipline and development, go hand in hand and help the Bank to reach greater heights.

GM & CVO conducted "Seminars on prevention of frauds and Vigilance" at the Circles visited during the year, wherein, apart from reviewing the pending disciplinary matters pertaining to the Circle, the CVO also dwelt upon various aspects related to Preventive Vigilance Mechanism in the Bank, fraud prone areas with special emphasis on CBS environment, handling of disciplinary matters and need for timely disposal, maintaining secrecy of passwords in computerized environment and effective role of Preventive Vigilance Committee at branches.

Special emphasis was laid on popularizing the project 'VIGEYE' and also the formation and activation of Preventive Vigilance Committees at all branches of the Bank.

Security Arrangements

During the year, security measures have been strengthened. To improve the security at branches, CCTV systems are installed in 1554 branches. In addition to the above, 1021 ATMs are also provided with CCTV system to monitor the security. 85 Currency Chests are provided with Biometric Access Control System as per RBI guidelines.

Ambience Improvement

During the year, ambience improvement work was carried out in more than 200 branches of the Bank. The Bank has initiated steps for ambience improvement including air conditioning in 1000 more branches during the current financial year.

Right to Information

Under the Right to Information Act, 2005, an exclusive Right to Information Act outfit is functioning to provide information and bring transparency. As per the requirement of the RTI Act, the Bank has nominated Public Information Officers and Appellate Authorities at Head Office and in all its 34 Circle Offices to provide information to the applicants. During the year, the Bank received 3352 RTI applications, 520 First Appeals and 65 Second Appeals as per the provisions of RTI Act, 2005.

Implementation of Official Language

The Bank made noteworthy progress under the implementation of official language and won many prizes at various levels during the year under review. The Bank was awarded first prize by Town Official Language Implementation Committees at Bengaluru (Head Office), Karnal and Madurai Circles. Apart from this, many Circles and branches have received awards from respective Town Official Language Committees.

As at March 2013, around 98% of employees have obtained working knowledge in Hindi and the Bank has notified 2379 branches under Rule 10(4) of OL Rules 1976. All the employees of the Bank possessing working knowledge of Hindi have been trained in Hindi workshops. During the year under review, the Bank has conducted more than 238 refresher training programmes for such employees.

Promotion of Sports

Canara Bank has always been encouraging and supporting sports. A Sports Council at Head Office was set up in the year 1982 to monitor and encourage sports in the Bank.

The Bank has on its rolls 40 sports persons in six disciplines, viz., Cricket, Hockey, Women's Athletics, Shuttle Badminton, Ball Badminton and Table Tennis.

International Cricketers Shri B K Venkatesh Prasad, Shri Sunil Joshi, Ms Shantha Rangaswamy are presently in the Bank's fold.

Besides the Cricketers, Shri U Vimal Kumar, (Shuttle Badminton), Smt M K Asha, Smt Suma Gopalakrishna and Smt H M Jyothi (Athletics) and Shri Bharat Chhetri, Shri P Shanmugam, Shri K M Somanna, Shri K P Dinesh, Jr International, (Hockey) are also on the Bank's rolls.

Over the years, Canara Bank has secured several distinctions in the sporting arena and the Bank's Cricket, Ball Badminton, Shuttle Badminton and Table Tennis Teams rank numero uno in the State of Karnataka.

Notably during 2012-13, Shri Bharat Chhetri was nominated as the Captain of the Indian Hockey Team for the Summer Olympic Games, London, 2012.

FINANCIAL SUPERMARKET**Subsidiaries, Sponsored Entities and Joint Ventures**

Canara Bank, with an objective of offering 'One Stop Banking' 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.

Canfin Homes Ltd – Promoted jointly with other Institutions a Housing Finance arm of the Bank. The Company was incorporated in the year 1987 (29.10.1987) and has completed 25 years. The Company is listed on NSE and BSE. As on date Canara Bank holds 42.35% stake in the equity of the Company. PAT for 2012-13 is Rs. 54.12 crs

Canara Robeco Asset Mgt Co. Ltd – The Company was incorporated in the year 1993 as a wholly owned Subsidiary as Canara Bank Investments Management Services. Bank took a strategic decision to tie up with international partner to manage the assets of erstwhile Canbank Mutual Fund. In the year 2007 Bank disinvested 49% of stake in favour of M/s. Robeco Groep NV for managing the assets of Mutual Fund. PAT for 2012-13 is Rs. 13.55crs.

Canara Bank Securities Ltd – Incorporated as Subsidiary in the year 1996 jointly with Corporation Bank and Bank of

Baroda under 'Gilt Securities Ltd' as primary dealer and become wholly owned in the year 2005. Profit for 2012-13 is Rs. 8.09 crs.

Canbank Venture Capital Fund Ltd – Incorporated in the year 1995 as a wholly owned Subsidiary. Have successfully managed four funds and currently the Company is involved with 5th fund with corpus of Rs. 500 crs (Emerging India Growth Fund). The profit for the year 2012-13 is Rs. 7.19 crs.

Canbank Factors Ltd – The Company was incorporated in the year 1991 holding 70% of equity with Andhra Bank and

SIDBI sharing the other 30% of equity. The profit for 2012-13 is Rs. 18.61 crs.

Canbank Computer Services Ltd – Incorporated in the year 1994. Bank holds 69.14% with Bank of Baroda, Vijaya Bank, Lakshmi Vilas Bank and Karur Vysya Bank sharing the remaining equity. The profit for 2012-13 is Rs. 4.30 crs.

Canara HSBC OBC Life Insurance Co. Ltd – With the synergy of the International expertise of M/s. HSBC Insurance (Asia-Pacific) Holdings Ltd and Oriental Bank of Commerce the Company was incorporated in the year 2007 and started commercial operation from 16.06.2008. The Company is presently ranked 10th among the industry. The Company has projected long term business plan and achieved discreet break even as at 31.03.2013 itself. Presently the Company has Gross Written Premium of Rs. 1912 crs and has total income of ` 2389 crs. The profit for 2012-13 is Rs.23.50 crore

Canbank Financial Services Ltd – Incorporated in the year 1987 as a wholly owned Subsidiary. Unfortunately the company became the victim of 1992 security scam. Presently the Company is engaged in recovery and follow up of legal cases pending in different courts. To credit the Company has not lost a single case till now. The Profit for 2012-13 is Rs. 1.56 crs.

Regional Rural Banks (RRBs)

As at March, 2013, the Bank had three sponsored RRBs namely Pragathi Gramin Bank (Karnataka), Shreyas Gramin Bank (Uttar Pradesh) and South Malabar Gramin Bank (Kerala) with 963 branches. The bank has made an initial subscription of Rs.28 million and later contributed Rs.294 million as Share capital deposit in these RRBs.

During the 2012-13, Government of India has initiated the second phase of amalgamation of geographically contiguous RRBs within the state sponsored by different banks.

On 01.04.2013, our Shreyas Gramin Bank in the state of Uttar Pradesh was amalgamated with Aryavart Gramin Bank as Gramin Bank of Aryavart under sponsorship of Bank of India.

On 08.07.2013, North Malabar Gramin Bank (sponsored by Syndicate Bank) and our South Malabar Gramin Bank were amalgamated as Kerala Gramin Bank under our sponsorship covering entire Kerala State.

On 23.08.2013, Krishna Gramina Bank (sponsored by State Bank of India) and our Pragathi Gramin Bank were amalgamated as Pragathi Krishna Gramin Bank under our sponsorship covering 11 districts of eastern Karnataka.

As at 30th September 2013, our Bank sponsors two RRBs, namely Pragathi Krishna Gramin Bank and Kerala Gramin Bank. The Bank has a total equity of Rs.252.40 million (Rs.24.50 million as share Capital and Rs.227.90 million as Share Capital Deposit) in these RRBs.

Our two RRBs have a network of 1107 branches. As at 30th September, 2013, the aggregate deposits and advances of our RRBs is Rs.146.40 billion and Rs.151.76 billion, respectively. The combined net profits of these RRBs for the half year ended September 2013 is Rs.743.40 million (provisional).

The Bank continues to provide necessary managerial and administrative support to these RRBs. With our bank support, RRBs are working under 100% Core Banking Solutions environment and extending IT based products like RuPay Debit Cards, RuPay KCC Cards, and remittance facilities like NEFT & RTGS to their customers.

In recognition of the varied initiatives, the Bank was conferred with the following awards –

- Best Bank Award among large banks by IDRBT for "Use of Technology for Financial Inclusion" handed over by RBI Governor Dr. D Subbarao.
- Skoch Award for Financial Inclusion handed over by Dr. C Rangarajan, Chairman, PMEAC.
- 1st Rank for Self Help Groups Linkage for the year 2011-12 in the State of Bihar.
- Award for 'Best Online Bank' among Public Sector Banks- IBA Banking Technology Awards 2011.
- Award for 'Best Customer Relationship Initiative' among Public Sector Banks - IBA Banking Technology

Awards 2011.

- The Greatest Corporate Leaders of India – Leadership in Banking Award, instituted by World HRD Congress, 2013.
- Prestigious Platinum Greentech HR Award 2013 under HR Oriented CEO by M/s Greentech Foundation, New Delhi.
- Platinum Award, for Best HR Strategy and Training Excellence by M/s Greentech Foundation, New Delhi.
- National Vigilance Excellence Award – 2012 for the second consecutive year from Vigilance Study Circle, Hyderabad under the auspices of the Central Vigilance Commission.

VARIOUS POLICIES OF THE BANK

There is a system of well-defined policies and procedures of the Bank. During the year, concerted efforts were made to streamline the policies and procedures of the Bank in the light of regulatory requirements of the RBI, the directions of the Government of India and the emergent requirements of the Bank in the present day context. Accordingly, there has been a sharper focus on policies relating to, among others, Credit Risk Management, Market Risk Management, Operational Risk Management, Asset Liability Management, Liquidity Risk Management, Country Risk, Counterparty Bank Risk, Corporate Governance, Disclosures, Collateral Management, Stress Testing, Compliance Functions, Disaster Recovery and Business Continuity Planning, Business Lines, Outsourcing and Internal Capital Adequacy Assessment Process (ICAAP), Know Your Customers (KYC), Anti-Money Laundering (AML), Recovery and Investments.

KEY OPERATIONAL & FINANCIAL PARAMETERS OF THE ISSUER FOR THE LAST 3 AUDITED YEARS

(Rs. in crore)

SL.NO	PARTICULARS	FY 2012-13	FY 2011-12	FY 2010-11
		(Audited)	(Audited)	(Audited)
1	Share Capital	443	443	443
2	Reserves & Surplus (excluding revaluation reserves)	22402	19642	17499
3	Net worth	21732	19027	15915
4	Deposits	355856	327054	293437
5	Borrowings	20283	15525	14262
6	Total Debt (3+4)	376139	342579	307699
7	Advances	242177	232490	211268
8	Investments	121133	102057	83636
9	Net Fixed Assets	2863	2858	2844
10	Interest Income	34078	30851	22940
11	Interest Expense	26199	23161	15241
12	Total Income	37231	33778	25752
13	Total Expenditure (interest expenses + operating expenses)	31341	27835	19660
14	Operating Profit	5890	5943	6091
15	Provisioning & Write-offs	3018	2660	2065
16	Profit After Taxation ("PAT")	2872	3283	4026
17	Gross NPA to Gross Advances (%)	2.57	1.73	1.49
18	Net NPA to Net Advances (%)	2.18	1.46	1.1
19	Capital Adequacy Ratio (BASEL II) (%)	12.4	13.76	15.38
20	Tier I Capital Adequacy Ratio (BASEL II) (%)	9.77	10.35	10.87
21	Tier II Capital Adequacy Ratio (BASEL II) (%)	2.63	3.41	4.51
22	Return on Assets (%)	0.77	0.95	1.42
23	Earnings Per Share (Basic & Diluted) (in Rs.)	64.83	74.1	97.83

DEBT EQUITY RATIO OF THE ISSUER

Particulars	Pre Issue (As on March 2013)	Post Issue of Bonds of Rs.1500 Crore *	Post Issue of Bonds of Rs.2500 Crore (1500+1000)*
Total Long Term Debt *	10610	12110	13110
SHAREHOLDERS' FUNDS *	22845	22845	22845
Share Capital *	443	443	443
Reserve & Surplus (excluding Revaluation Reserve) *	22402	22402	22402
Net Worth *	21732	21732	21732
GROSS DEBT/ EQUITY RATIO	0.46	0.53	0.57

* Figures relating to post issue of Bonds are furnished based on the data as on 31.03.2013 . Hence, Infusion of capital by GOI during December 2013 and additions to reserves during the financial year 2013-14 such as profit earned during this financial year etc are not taken into the account for calculation of GROSS DEBT/ EQUITY RATIO.

Key Indicators as per disclosure Guidelines

Fig. in Crore

Parameters	FY 11	FY12	FY 13
Networth	15914.98	19027.28	21732.01
Total Debt	307698.29	342579.12	376139.36
Of which Non-Current Maturities of LTB	11526.85	11742.36	10971.22
Short Term Borrowing	2484.80	3443.03	9236.70
Current Maturities if LTB	250.00	340.00	75.45
Net Fixed Assets	2844.4	2857.54	2862.72
Non Current Assets	185180.52	220091.43	250037.66
Cash and Cash Equivalents	30708.11	28179.4	34714.7
Current Investments	14107.56	15305.91	15939.85
Current Assets	150764.34	154068.76	162304.95
Current Liabilities	158003.07	179935.21	183042.74
Assets Under Management	NA	NA	NA
Off Balance Sheet Assets	NIL	NIL	NIL
Interest Income	22940.07	30850.62	34077.93
Interest Expense	15240.74	23161.31	26198.94
Provisioning & Write-offs	2065.59	2660.45	3017.91
PAT	4025.89	3282.71	2872.1
Gross NPA (%)	1.49	1.73	2.57
Net NPA (%)	1.10	1.46	2.18
Tier I Capital Adequacy Ratio (%)	10.87	10.35	9.77
Tier II Capital Adequacy Ratio (%)	4.51	3.41	2.63

PROJECT COST AND MEANS OF FINANCING, IN CASE OF FUNDING OF NEW PROJECTS

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

VII. BRIEF HISTORY OF ISSUER SINCE INCORPORATION, DETAILS OF ACTIVITIES INCLUDING ANY REORGANIZATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN CAPITAL STRUCTURE, (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS

1. Brief History of the Issuer

a. Major Events/ Milestones

Year	Significant Milestones
1st July 1906	Canara Hindu Permanent Fund Ltd. formally registered with a capital of 2000 shares of ₹50/- each, with 4 employees.
1910	Canara Hindu Permanent Fund renamed as Canara Bank Limited
1969	14 major banks in the country, including Canara Bank, nationalized on July 19
1976	1000th branch inaugurated
1983	Overseas branch at London inaugurated , Cancard (the Bank's credit card) launched
1984	Merger with the Lakshmi Commercial Bank Limited
1985	Commissioning of Indo Hong Kong International Finance Limited
1987	Canbank Mutual Fund & Canfin Homes launched
1989	Canbank Venture Capital Fund started
1989-90	Canbank Factors Limited, the factoring subsidiary launched
1992-93	Became the first Bank to articulate and adopt the directive principles of "Good Banking".
1995-96	Became the first Bank to be conferred with ISO 9002 certification for one of its branches in Bengaluru
2001-02	Opened a 'Mahila Banking Branch', for financial requirements of women clientele.
2002-03	Maiden IPO of the Bank
2003-04	Launched Internet Banking Services
2004-05	100% Branch computerization
2005-06	100th Year in Banking Service - Core Banking Solution in select branches. Number One Position in Aggregate Business among Nationalized Banks.
2006-07	Signed MoUs for Commissioning Two JVs in Insurance and Asset Management with international majors viz., HSBC (Asia Pacific) Holding and Robeco Groep N.V respectively.
2007-08	Incorporation of Insurance and Asset Management JVs. Launching of 'Online Trading' portal. Launching of a 'Call Centre'. Switchover to Basel II New Capital Adequacy Framework.
2008-09	Crossed ₹3 lakh crore in aggregate business. The Bank's III foreign branch at Shanghai commissioned.
2009-10	Aggregate business crossed ₹4 lakh crore; Net profit crossed ₹3000 crore. Branches crossed the 3000.
2010-11	Aggregate business crossed ₹5 lakh crore. Net profit crossed ₹4000 crore. 100% coverage under Core Banking Solution. The Bank's 4th foreign branch at Leicester and a Representative office at Sharjah, UAE, opened. The Bank raised ₹1993 crore under QIP. Govt. holding reduced to 67.72% post QIP.
2011-12	Total number of branches reached 3600. The Bank's 5 th foreign branch at Manama, Bahrain opened.
2012-13	Highest Dividend of 130% paid for the year

As at 31st December 2013, the Global business of the Bank stood at ₹696624 crore.

b) The Growth Path of the Bank

The Growth Path of the Bank							
	(1907-1936, Amt. in Rs. '000)			(1950-2013, Amt. in Rs. Crore)			
Year ended	No. of Branches	Deposit	Advance	Profit	Income	Paid-up Capital	Reserves
1907	1	42.40	83.70	2.40	3.80	54.00	0.00
1926	3	2508.90	2996.20	72.60	237.50	300.00	214.10
1936	28	7964.40	5510.00	66.40	440.40	333.20	328.50
1950	42	7.50	3.47	0.07	0.30	0.29	0.12
1960	84	30.82	16.63	0.20	1.72	0.50	0.56
1970	504	239.92	168.98	1.03	17.17	1.75	2.03
1980	1284	2099.06	1172.29	4.26	184.75	5.00	10.00
1990	2006	10922.67	6498.48	61.27	1315.08	57.91	400.00
2000	2397	48001.00	23547.00	236.00	5687.00	578.00	2018.00
2001	2405	59070.00	27832.00	285.00	6536.00	578.00	2237.00
2002	2409	64030.00	33127.00	741.00	7799.00	578.00	2894.00
2003	2424	72095.00	40472.00	1019.00	8170.00	410.00	3739.00
2004	2469	86345.00	47639.00	1338.00	9080.00	410.00	4842.00
2005	2513	96796.00	60421.00	1110.00	9116.00	410.00	5699.00
2006	2532	116803.00	79426.00	1343.00	10089.00	410.00	6722.00
2007	2578	142381.00	98506.00	1421.00	12816.00	410.00	9944.00
2008	2678	154072.00	107238.00	1565.00	16414.00	410.00	10091.00
2009	2733	186893.00	138219.00	2072.00	19430.00	410.00	11798.00
2010	3046	234651.00	169335.00	3021.00	21610.00	410.00	14262.00
2011	3257	293437.00	211268.00	4026.00	25752.00	443.00	19597.00
2012	3600	327054.00	232490.00	3283.00	33778.00	443.00	22247.00
2013	3728	355856.00	242177.00	2872.00	37231.00	443.00	24435.00

2. DETAILS OF SHARE CAPITAL AS ON 31-12-2013

		(Rs. in crore)
Particulars		Amount
1.	SHARE CAPITAL	
a.	Authorized Equity Share Capital	
	300,00,00,000 Equity Shares of Rs.10/- each	3,000.00
b.	Issued & Subscribed Equity Share Capital	
	46,12,58,837 Equity Shares of Rs.10/- each fully paid up	461.26
c.	Paid-up Equity Share Capital	
	46,12,58,837 Equity Shares of Rs.10/- each fully paid up	461.26

3. EQUITY SHARE CAPITAL HISTORY OF THE ISSUER (since nationalization in 1969)
Details till the financial year 31.03.1999 :

Disclosure Document
Canara Bank

Period Ended	Increase / (Decrease) in Capital (Rs. Crore)	Mode	Paid-up Capital / Cumulative (Rs. Crore)
31.12.1976		Opening Balance	1.75
31.12.1978	3.25	Capitalization of reserves	5.00
31.12.1983	2.00	Contribution from Government	7.00
31.12.1985	22.50	--do--	29.50
31.12.1986	12.00	--do--	41.50
31.12.1988	3.00	--do--	44.50
31.03.1989	4.45	World Bank Aid towards Industrial Export Promotion Scheme	48.95
31.03.1990	8.96	--do--	57.91
31.03.1991	17.32	--do--	
	0.01	Share Capital from MoF	75.24
31.03.1992	39.00	World Bank Aid towards Industrial Export Promotion Scheme	114.24
31.03.1993	18.67	--do--	
	75.00	Capital contribution from Government	207.91
31.03.1994	15.88	World Bank Aid towards Industrial Export Promotion Scheme	
	365.00	Capital contribution from Government	588.79
31.03.1995	1.36	World Bank Aid towards Industrial Export Promotion Scheme	590.15
31.03.1996	0.35	World Bank Aid towards Industrial Export Promotion 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 "Recapitalization 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
	(277.87)	Return of Capital to Government of India simultaneous redemption of equal amount of Recapitalization Bonds	300.00 (*)

(* Note : Rs. 300 Crore capital was held by Gol – ie., 30,00,00,000 Equity Shares of Rs. 10/- each)

Details after 31.03.1999 :

EQUITY SHARE CAPITAL HISTORY AS ON 31.12.2013, FOR THE LAST FIVE YEARS:-

Sl. No.	Date of Allotment	No. of Equity Shares	Face Value (in Rs.)	Issue Price (in Rs.)	Consideration (cash, other than cash etc) and Nature of Allotment	Cumulative Share Capital		
						No. of Equity Shares	Equity Share Capital (Rs. in crore)	Equity Share Premium (Rs. in crore)
01.	15.03.2011 (2010-11)	3,30,00,000	10.00	604.00	For Cash Qualified Institutional Placement (QIP)	44,30,00,000	443.00	2235.20
02.	31.12.2013 (2013-14)	1,82,58,837	10.00	273.84	For Cash Preferential Allotment to Government of India	46,12,58,837	461.26	2716.94

4. Changes In Capital Structure as on 31.12.2013 for the Last Five Years:-

Date of change (AGM/EGM)	Amount (Rs. in crore)	Particulars
By notification F. No. 11/4/2009- BOA dated November 27, 2009 of Government of India	3,000.00	Authorised Capital of the Bank increased from Rs. 1500 Crore to Rs. 3000 Crore
AGM held on 19.07.2010 (Allotment was made on 15.03.2011)	33.00	Issued 3.30 Crore Equity Shares through QIP Mode at an Issue Price of Rs. 604/- (during the month of March, 2011)
Date of EGM – 30.12.2013 Date of Allotment - 31.12.2013	18.26 (allotment of 1,82,58,837 equity shares of Rs. 10/- each)	Preferential Allotment to Government of India (Equity Shares)

5. DETAILS OF ANY ACQUISITION OR AMALGAMATION IN THE LAST 1 YEAR: None

6. DETAILS OF ANY REORGANIZATION OR RECONSTRUCTION IN THE LAST 1 YEAR

Type of Event	Date of Announcement	Date of Completion	Details
None	None	None	None

7. Share holding pattern as on 31.12.2013:-

Sr No	Particulars	Total No of Equity Shares	No of Shares in demat form	Total Shareholding as % of total no of equity shares
01.	President of India	(*) 318258837	300000000	69.00
02.	Mutual Funds	22911765	22911765	4.97
03.	Financial Institutions and	5173843	5173843	1.12

	Banks			
04.	Insurance Companies	31579935	31579935	6.85
05.	Foreign Institutional Investors	47691054	47691054	10.34
06.	Bodies Corporate	9799158	9663158	2.12
07.	Individuals	24564439	18030517	5.33
08.	Non-Resident Indians	604429	604429	0.13
09.	Trusts	73497	73397	0.01
10.	Clearing Members	601880	601880	0.13
	TOTAL	461258837	436329978	100.00

(*) The Bank had issued / allotted 1,82,58,837 equity shares to GOI on Preferential Basis on 31.12.2013 and these shares were credited to Demat Account of GOI on 07.01.2014.

Notes:- Shares pledged or encumbered by the promoters (if any) – NOT APPLICABLE

8. TOP 10 EQUITY SHARE HOLDERS OF THE ISSUER as on 31.12.2013

Sr. No.	Name of Shareholder	Total No. of Equity Shares held	No. of Equity Shares held in demat form	Total Shareholding as a %age of Total No. of Equity Shares
1.	President of India	318258837	318258837	69.00
2.	Life Insurance Corporation of India (*)	24680964	24680964	5.35
3.	HSBC Global Investment Funds A/c HSBC Global Investment	6247705	6247705	1.35
4.	Bajaj Allianz Life Insurance Company Ltd.,	3960000	3960000	0.86
5.	HDFC Trustee Company Ltd –HDFC Top 200 Fund	3783124	3783124	0.82
6.	HDFC Trustee Company Ltd – HDFC Equity Fund	2725000	2725000	0.59
7.	GMO Emerging Market Fund	2493583	2493583	0.54
8.	Reliance Capital Trustee Co Ltd. A/c Reliance	2366500	2366500	0.51
9.	Reliance Capital Trustee Co Ltd. A/c Reliance Banking	2314152	2314152	0.50
10.	Reliance Capital Trustee Co Ltd. A/c Reliance Equity	2148175	2148175	0.47
	TOTAL	368978040	368978040	79.99

* LIC of India holds 29657760 shares under different schemes/folios as on 31.12.2013

9. PROMOTER HOLDING IN THE COMPANY AS ON 31.12.2013

Sr. No.	Name of Shareholder	Total No. of Equity Shares held	No. of Equity Shares held in demat form	Total shareholding as a %age of Total No. of Equity Shares	No of Equity Shares Pledged	% of Equity Shares pledged with respect to shares owned
1.	President of India	318258837	318258837	69	Nil	Not Applicable

10. BORROWINGS OF THE ISSUER AS ON 31-12-2013

Details as at 31.12.2013					
SI No	Details			Amount (Rs in Crore)	
1	Borrowings of the Issuer- Secured			1950.00	
2	Borrowings of the Issuer- Unsecured (Excluding Capital Status Bonds and Certificate of Deposit)			3924.00	
3	Capital Status Bonds			7278.10	
4	Corporate Guarantee			0.00	
5	Certificate of Deposit			30913.05	
6	Commercial paper			0.00	
7	Other Borrowings - Hybrid Debt			0.00	

Lender's Name	Type of Facility	Amt Sanctioned	Principal Amt outstanding	Repayment Date/ Schedule	Security
RESERVE BANK OF INDIA	LIQUIDITY DJUSTMENT FACILITY OF RBI	1950.00	1950.00	01-Jan-2014	08.33 % GOI SEC MATURING 09.07.2026 -

Rs in Crore

DETAILS OF OTHER BORROWINGS AS ON 31.12.2013			
S.No	NAME OF THE LENDER	AMOUNT	DUE DATE FOR REPAYMENT
1	Tier I perpetual bonds	1 589.60	Perpetual
2	Tier II bonds	3 688.50	Upto 10 Years
3	Upper Tier II bonds	2 000.00	Upto 15 Years
4	R B I (Export credit refinance)	3 924.00	Upto 180 Days
5	Certificate of Deposits	30 913.05	Upto One Year
		42 115.15	

Unsecured Loan facilities / Deposit as on 31.12.2013

Lender's Name	Type of Facility	Amount Sanctioned (Rs. In crore)	Principal Amount Outstanding as on 31.12.2013 (Rs. In crore)
From Banks	Demand Deposits	Not Applicable	756.38
	Term Deposits	N/A	17675.53
From Others	Demand Deposits	N/A	14036.79
	Term Deposits	N/A	296784.31
Depositors	Saving Banks Deposits	N/A	79671.41
Various bondholders	Lower Tier 2 Bonds	N/A	3688.50
Various bondholders	Upper Tier 2 Bonds	N/A	3545.14
Various bondholders	Perpetual Bonds	N/A	1589.60
RBI	Borrowings	N/A	0
Others	Borrowings	N/A	
Other Institutions	Borrowings	N/A	4437.48
Outside India*	Borrowings	N/A	
Banks/ Institutions	Bills Payable#	N/A	9362.09

Includes MTN bonds of Rs 5253.48 Crore. # Total Bills payable as on 31.12.2013 is 1045.51 crore

CAPITAL STATUS BONDS

Debt Series	Tenor/ Period of Maturity Number of Months	Coupon Rate (% p.a)	Amount (Rs in Crore)	Date of allotment	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security	Remarks about call option and reset rate
1. Lower Tier 2 Bonds:									
SERIES VI	116	6.75	263.50	30-Sep-04	31-May-14	AAA/stable by CRISIL & LAAA by ICRA	Unsecured	Not applicable	No call option
SERIES VII	111	7.05	500.00	18-Feb-05	18-May-14	AAA/stable by CRISIL & LAAA by ICRA	Unsecured	Not applicable	No call option
SERIES VIII	115	7.40	500.00	29-Sep-05	29-Apr-15	AAA/stable by CRISIL & LAAA by ICRA	Unsecured	Not applicable	No call option
SERIES IX	110	8.15	425.00	01-Mar-06	01-May-15	AAA/stable by CRISIL & LAAA by ICRA	Unsecured	Not applicable	No call option
SERIES IX A	120	8.85	575.00	15-Sep-06	15-Sep-16	AAA/stable by CRISIL & LAAA by ICRA	Unsecured	Not applicable	No call option
SERIES X	120	9.90	400.00	30-Mar-07	30-Mar-17	AAA/stable by CRISIL & LAAA by ICRA	Unsecured	Not applicable	No call option
SERIES XI	120	9.00	700.00	09-Jan-08	09-Jan-18	AAA/stable by CRISIL & LAAA by ICRA	Unsecured	Not applicable	No call option
SERIES XII	120	8.08	325.00	16-Jan-09	16-Jan-19	AAA/stable by CRISIL & LAAA by ICRA	Unsecured	Not applicable	No call option
2. Upper Tier 2 Bonds:									
UPPER TIER 2 - SERIES I	180	9.00	500.00	16-Sep-06	16-Sep-21	AAA/stable by CRISIL	Unsecured	Not applicable	*
*A Step Up option of 50 bps over and above the coupon rate of 9.00%, if the Call option is not exercised by the Bank after 10 years from the date of allotment, i.e. Bonds carry a Coupon rate of 9.50% from 16.09.2016 in the remaining period of 5 years, if the Bank does not exercise the Call option after 10 years.									
UPPER TIER 2 - SERIES II	180	10.00	500.00	23-Mar-07	23-Mar-22	AAA/stable by CRISIL	Unsecured	Not applicable	*
*Step up Coupon If Call Option is not exercised @ 50 bps from 11th year till redemption if Call Up Option is not exercised by the Bank at the end of 10 Years from the date of allotment.									
UPPER TIER 2 - SERIES III	180	8.62	1000.00	29-Sep-10	29-Sep-25	AAA/stable by CRISIL & BWR AAA+ by BRICKWORK	Unsecured	Not applicable	*
*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 10th year from the date of allotment.									

3. Innovative Perpetual Debt Instruments:

PERPTUAL - TIER I (SER I)	PERPETUAL	9.00	240.30	30-Mar-09	PERPETUAL	AAA/stable by CRISIL & BWR AAA+ by BRICKWORK	Unsecured	Not applicable	*
*The Bonds shall have a step-up option which shall be exercised only once during the whole life of the instrument, in conjunction with the Call Option, after the lapse of 10 years from the date of issue. The step-up shall be 50 bps. In effect, the coupon rate on Bonds shall be stepped up to 9.50% p.a. for subsequent years if Call Option is not exercised by the Bank at the end of 10th Year from the Deemed Date of Allotment									
PERPTUAL - TIER I (SER II)	PERPETUAL	9.10	600.00	21-Aug-09	PERPETUAL	AAA/stable by CRISIL & BWR AAA+ by BRICKWORK	Unsecured	Not applicable	*
*The Bonds shall have a step-up option which shall be exercised only once during the whole life of the instrument, in conjunction with the Call Option, after the lapse of 10 years from the date of issue. The step-up shall be 50 bps. In effect, the coupon rate on Bonds shall be stepped up to 9.60% p.a. for subsequent years if Call Option is not exercised by the Bank at the end of 10th Year from the Date of Allotment.									
PERPTUAL - TIER I (SER III)	PERPETUAL	9.05	749.30	03-Aug-10	PERPETUAL	AAA/stable by CRISIL & BWR AAA+ by BRICKWORK	Unsecured	Not applicable	*
*The Bonds shall have step-up option which shall be exercised only once during the whole life of the instrument, in conjunction with Call Option, after the lapse of 10 years from the date of issue. The Step up shall be 50 bps. In effect, the coupon rate on bonds shall be stepped up to 9.55% p.a. for subsequent years, If Call Option is not exercised by the Bank at the end of 10th Year from the Date of Allotment									

The Bank on 03-Jan-2014 has issued Non Convertible Redeemable unsecured BASEL III compliant Tier II bonds (Series I) for inclusion in Tier II Capital in the nature of Debenture of Face Value of Rs 10 Lakhs each at par aggregating Rs 1500 Crore by Canara Bank. The features are as follows:-

Issue Series	Year of Placement	Tenure in Months	Credit Rating	Coupon Rate (%) p.a)	Date of Redemption	Amount (Rs in Crore)	Remarks about call option
BASEL III TIER II SERIES I	2013	120	CRISIL AAA/STABLE	9.73	3-Jan-24	1500.00	None

11. TOP 10 BONDHOLDERS* (As on 28.02.2014)

(Rs. in crore)

Sr. No.	Name of bondholder	Total face value amount of bonds held
1.	LIFE INSURANCE CORPORATION OF INDIA	1265.50
2.	CBT EPF-05-A-DM	1123.90
3.	CBT EPF-11-A-DM	844.30
4.	CBT EPF-05-C-DM	768.10
5.	CBT EPF-05-B-DM	459.40
6.	COAL MINES PROVIDENT FUND ORGANISATION	330.00
7.	CBT EPF-05-D-DM	315.40
8.	STATE BANK OF INDIA	300.00
9.	CBT EPF-11-B-DM	176.30
10.	CBT EPF-11-D-DM	158.80
Total		5741.70

- Top 10 holders (in value terms, on cumulative basis for all outstanding debenture issues)

12. AMOUNT OF CORPORATE GUARANTEES ISSUED BY THE ISSUER IN FAVOUR OF VARIOUS COUNTER PARTIES INCLUDING ITS SUBSIDIARIES, JOINT VENTURE ENTITIES, GROUP COMPANIES ETC.

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

13. CERTIFICATE OF DEPOSITS ISSUED BY THE ISSUER

The outstanding Certificate of Deposits as on 31.03.2013 is Rs. 19,395 Crore (Book Value : Rs 18,501.90 crore) and as on 31.12.2013 is Rs. 32,320 crore (Book Value Rs. 30,913.05 crore).

14. OTHER BORROWINGS (INCLUDING HYBRID DEBT LIKE FOREIGN CURRENCY CONVERTIBLE BONDS ("FCCBs"), OPTIONALLY CONVERTIBLE BONDS/ DEBENTURES/ PREFERENCE SHARES) AS ON 31.12.2013

Instrument Name	Issued on	Type	Amount Issued & Principal Outstanding	Tenor	Coupon	Rating	Secured/Unsecured	Security
Tier II capital bonds	27.11.2006	Tier II Capital Bonds	USD 250 Mn	15 years with call option after 10 years	6.3650	BBB-/Baa3	Unsecured	N.A
Senior Unsecured bonds	09.03.2011	Senior Unsecured Bonds	USD 350 Mn	5.5 years	5.2150	BBB-/Baa3	Unsecured	N.A
bonds	18.10.2013	Senior Unsecured Bonds	USD 500 Mn	5 years	5.25	BBB-/Baa2	Unsecured	N.A

N.A: Not Applicable

15. SERVICING BEHAVIOUR ON EXISTING DEBT SECURITIES, DEFAULT(S) AND/OR DELAY(S) IN PAYMENTS OF INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE ISSUER, IN THE PAST 5 YEARS

- The main constituents of the Issuer's borrowings are generally in the form of deposits, loans from Reserve Bank of India, other banks and institutions, bonds, certificate of deposits etc.
- The Issuer has been servicing all its principal and interest liabilities on time and there has been no instance of delay or default since inception.
- The Issuer has neither defaulted in repayment/ redemption of any of its borrowings nor affected any kind of roll over against any of its borrowings in the past.
- The Issuer has not defaulted in any of its payment obligations arising out of any corporate guarantee issued by it to any counterparty including its joint entities, group companies etc in the past.

16. OUTSTANDING BORROWINGS/ DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, AT A PREMIUM OR DISCOUNT, OR IN PURSUANCE OF AN OPTION

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

17. AUDITED STANDALONE & CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER

a. Standalone Statement of Profit & Loss

Rs. in Crore

Sr No	Parameters	FY	FY	FY
		2012-13	2011-12	2010-11
I	Income			
a.	Interest Earned	34077.93	30850.62	22940.07
b.	Other Income	3153.01	2927.60	2811.46
	Total Income	37230.94	33778.22	25751.53
II	EXPENDITURE			
a.	Interest Expended	26198.94	23161.31	15240.74
b.	Operating Expenses	5141.99	4673.74	4419.32
c.	Provisions and Contingencies	3017.91	2660.46	2065.58
	Total Expenditure	34358.84	30495.51	21725.64
III	PROFIT FOR THE YEAR	2872.10	3282.71	4025.89
	Profit brought forward	0.00	0.00	0.00
IV	APPROPRIATIONS			
	Transfer to Statutory Reserves	720.00	825.00	1020.00
	Transfer to Revenue & Other Reserves	530.03	1185.26	1693.30
	Transfer to Investment Reserve Account	205.00	0.00	0.00
	Transfer from/to Special Reserves-Currency Swap	0.00	0.00	0.00
	Transfer to Special reserve U/s 31(1) (viii) of Income tax Act, 1961	700.00	700.00	700.00
	Transfer to Capital Reserve	43.07	5.15	45.29
	Proposed Dividend	576.00	487.30	487.30
	Tax on Dividend	98.00	80.00	80.00
	Balance Carried over to Balance Sheet	0.00	0.00	0.00
	TOTAL	2872.10	3282.71	4025.89
	Earnings Per Share (Basic & Diluted) (in Rs.)	64.83	74.10	97.83

b. Consolidated Statement of Profit & Loss

SI No	Parameters	FY	FY	FY
		2012-13	2011-12	2010-11
I	Income			
a.	Interest Earned	34069.87	30815.64	23000.89
b.	Other Income	3307.65	3104.51	2833.25
	Total Income	37377.52	33920.15	25834.14
II	EXPENDITURE			
a.	Interest Expended	26197.75	23159.47	15238.92
b.	Operating Expenses	5180.35	4818.88	4622.08
c.	Provisions and Contingencies	3047.59	2694.53	2095.66

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	Total Expenditure	34425.69	30672.88	21956.66
	Share of Earnings/(Loss) in Associates	42.94	58.85	71.78
	Consolidated Net Profit/(Loss) for the Year before deducting	2994.77	3306.12	3949.26
	Minorities Interest			
	Less: Minorities Interest	25.06	-35.57	-84.92
III	PROFIT FOR THE YEAR attributable to the Group	2969.71	3341.69	4034.18
	Profit brought forward	0.00	0.00	0.00
	TOTAL			
IV	APPROPRIATIONS			
	Transfer to Statutory Reserves	723.33	827.45	1022.80
	Transfer to Revenue & Other Reserves	622.16	1239.76	1697.38
	Transfer to Investment Reserve Account	205.00	0.00	0.00
	Transfer from/to Special Reserves-Currency Swap	0.00	0.00	0.00
	Transfer to Special reserve U/s 31(1) (viii) of Income tax Act, 1961	700.00	700.00	700.00
	Transfer to Capital Reserve	43.40	5.84	45.45
	Proposed Dividend	576.00	487.30	487.30
	Tax on Dividend	99.82	81.34	81.25
	Balance Carried over to Balance Sheet	0.00	0.00	0.00
	TOTAL	2969.71	3341.69	4034.18
	Earnings Per Share (Basic & Diluted) (in Rs.)	67.04	75.43	98.01

C. STAND ALONE BALANCE SHEET

(Rs. in crore)

Sr no	Parameters	As on	As on	As on
		31/03/2013	31/03/2012	31/03/2011
I	CAPITAL & LIABILITIES			
a.	Capital	443.00	443.00	443.00
b.	Reserves & Surplus	24434.79	22246.95	19596.82
c.	Deposits	355855.99	327053.73	293436.64
d.	Borrowings	20283.37	15525.39	14261.65
e.	Other Liabilities and Provisions	11325.46	8891.12	8206.75
	Total	412342.61	374160.19	335944.86
II	ASSETS			
a.	Cash & Balances with Reserve Bank of India	15405.93	17795.14	22014.79

b.	Balances with Banks and Money at Call & Short Notice	19308.77	10384.26	8693.32
c.	Investments	121132.83	102057.43	83636.02
d.	Advances	242176.63	232489.82	211268.29
e.	Fixed Assets	2862.72	2857.53	2844.41
f.	Other Assets	11455.73	8576.01	7488.03
	Total	412342.61	374160.19	335944.86

D. Consolidated Balance Sheet

(Rs. in crore)

Sr No	Parameters	As on	As on	As on
		31/03/2013	31/03/2012	31/03/2011
I	CAPITAL & LIABILITIES			
a.	Capital	443.00	443.00	443.00
b.	Reserves & Surplus	24733.43	22600.40	19959.16
c.	Minority Interest	232.16	161.48	149.16
d.	Deposits	355684.64	326894.04	293257.91
e.	Borrowings	20355.09	15614.42	14295.00
f.	Other Liabilities and Provisions	17875.95	13369.97	11061.51
	Total	419324.27	379083.31	339165.74
II	ASSETS			
a.	Cash & Balances with R B of India	15414.99	17813.02	22032.11
b.	Balances with Banks and Money at Call & Short Notice	19364.22	10433.72	8739.54
c.	Investments	127533.53	106496.62	86499.41
d.	Advances	242435.76	232728.74	211448.50
e.	Fixed Assets	2884.00	2887.97	2884.52
f.	Other Assets	11691.77	8723.24	7561.66
	Total	419324.27	379083.31	339165.74

e. Standalone Cash Flow Statement

(Rs. in crore)

Particulars	Year ended 31/03/2013	Year ended 31/03/2012	Year ended 31/03/2011
A. Cash Flow from Operating Activities:			
Net Profit after Taxes	2872.10	3282.71	4025.89
Adjustments for:			
Provision for income tax	800	800	1000
Depreciation on Fixed Assets	189.69	156.89	151.36
Profit/ (Loss) on sale of Fixed Asset	0.92	-1	-0.45
Provision for Other Items	130.07	12.5	-162.57
Interest on Tier 1 and Tier 2 Bonds	730.56	737.64	661.72
Provision for NPA	2222.45	1531.06	1001.18
Loss on on revaluation of Investments	15.06	22.15	15.52
Provision for Standard Assets	255.61	171.06	184.32
Income from Investment in Subsidiaries	-56.57	-111.68	-199.12
Income from Investment (Appreciation)/Depreciation	-390.23	145.83	42.61
Sub total	3897.56	3464.45	2694.57
Adjustments for:			
Increase / (Decrease) in Deposits	28802.26	33617.09	58785.20
Increase / (Decrease) in Borrowings	5097.98	1513.75	4071.79
Increase / (Decrease) in Other Liabilities and Provisions	1248.66	-299.19	120.39
(Increase) / Decrease in Investments	-18608.57	-18631.18	-13968.11
(Increase) / Decrease in Advances	-11887.62	-22691.86	-42931.28
(Increase) / Decrease in Other Assets	-1779.72	312.02	-2965.78
Direct Taxes (Paid) / Refund	-1100	-1400	-1305.32
Sub total	1772.99	-7579.37	1806.89
Net Cash Flow from Operating Activities (A)	8542.65	-832.21	8527.35
B. Cash Flow from Investing Activities :			
Net Inflow / Outflow from Sale /Purchase of Fixed Assets	-227.69	-202.24	-170.26
Investment in Subsidiaries/ Joint Ventures/	-91.67	-51	-102.08
Income from Investment in Subsidiaries	56.57	111.68	199.12
Net Cash Flow from Investing Activities (B)	-262.79	-141.56	-73.22
C. Cash Flow from Financing Activities:			
Payment on redemption of Bonds / Sub. Debts	-340	-250	0
Dividend (Interim & Final) Paid	-674	-567.3	-480
Interest Paid on IPDI, Sub. &, Upper Tier II Bonds	-730.57	-737.64	-661.72
Increase in paid up capital			33
Share Premium recd. on new issue of share capital			1960.2
Proceeds from Issue of upper tier 2 bonds			1000
Proceeds from Issue of Perpetual Bonds			749.3
Net Cash Flow from Financing Activities (C)	-1744.57	-1554.94	2600.78
Net Increase in Cash & Cash Equivalents (A)+(B)+(C)	6535.29	-2528.71	11054.91
Cash /Equivalents as at the beginning of the year	28179.41	30708.12	19653.21
Cash / Equivalents as at the end of the year	34714.70	28179.41	30708.12

f. Consolidated Cash Flow Statement

(Rs. in crore)

Particulars	Year ended 3/31/2013	Year ended 3/31/2012	Year ended 3/31/2011
A. Cash Flow from Operating Activities:			
Net Profit after Taxes	2969.71	3341.7	4034.19
Adjustments for:			
Provision for income tax	819.56	818.94	1020.35
Depreciation on Fixed Assets	191.44	159.16	153.84
Profit/ (Loss) on sale of Fixed Asset	-4.92	-0.95	-4.51
Provision for Other Items	472.63	241.46	-131.51

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Interest on Tier 1 and Tier 2 Bonds	730.56	737.64	661.72
Provision for NPA	1871.12	1309.04	1008.58
Loss on on revaluation of Investments	15.06	22.15	15.52
Provision for Standard Assets	255.61	171.22	186.61
Profit on sale of Investment	-681.88	-323.71	-237.33
Provision for (Appreciation)/Depreciation on Investment	-576.32	60.5	27.14
Sub total	3092.86	3195.45	2700.41
Adjustments for:			
Increase / (Decrease) in Deposits	28790.59	33636.14	59276.14
Increase / (Decrease) in Borrowings	4484.25	1569.42	5071.92
Increase / (Decrease) in Other Liabilities and Provisions	1351.23	1895.68	-396.94
(Increase) / Decrease in Investments	-20073.42	-19805.41	-15204.28
(Increase) / Decrease in Advances	-9707.02	-22589.27	-43183.52
(Increase) / Decrease in Other Assets	-1844.84	-396.34	-1321.7
Increase / (Decrease) Minority Interest	70.68	12.32	12.8
Direct Taxes (Paid) / Refund	-1123.69	-1584.18	-1344.02
Sub total	1947.78	-7261.64	2910.40
Net Cash Flow from Operating Activities (A)	8010.35	-724.49	9645.00
B. Cash Flow from Investing Activities :			
Net Inflow / Outflow from Sale /Purchase of Fixed Assets	-214.45	-195.96	-134.22
Investment in Subsidiaries/ Joint Ventures/	-91.67	-44.12	-69.4
(Increase) /Decrease in other reserves	-149.74	-68.29	3.01
Net Cash Flow from Investing Activities (B)	-455.86	-308.37	-200.61
C. Cash Flow from Financing Activities:			
Share Capital	0		33
Share Premium	0		1960.2
Increase /(Decrease) of Bonds including subordinated Debts	256.41	-250	749.3
Dividend (Interim & Final) Paid	-568.64	-568.55	-479
Interest Paid on IPDI, Subordinated Bonds, Upper Tier II Bonds	-730.56	-737.64	-661.72
Net Cash Flow from Financing Activities (C)	-1042.79	-1556.19	1601.78
Cash flow on account of exchange fluctuation (D)			
Cash generated on account of exchange fluctuation	20.77	64.14	2.56
Net Increase in Cash & Cash Equivalents (A)+(B)+©+(D)	6532.47	-2524.91	11048.73
Cash and Cash Equivalents as at the beginning of the year	28246.74	30771.65	19722.93
Cash and Cash Equivalents as at the end of the year	34779.21	28246.74	30771.66

g. Auditors' Qualifications

Financial Year	Auditors' Qualifications
2012-13	Nil
2011-12	Nil
2010-11	Nil

18. LIMITED REVIEW QUARTERLY STANDALONE FINANCIAL INFORMATION OF THE ISSUER AS OF SEPTEMBER 30, 2013

(Rs. in crore)

Reviewed Financial Results for Second Quarter ended September 30, 2013				
Sr. No.	Particulars	Quarter ended 30.09.2013 (Reviewed)	Quarter ended 30.09.2012 (Reviewed)	Year ended 31.03.2013 (Audited)
1.	Interest Earned (a+b+c+d)	9654.48	8595.54	34077.93
a)	Interest/ discount on advances/ bills	6964.34	6120.65	24379.91
b)	Income from Investments	2596.98	2306.07	9112.42
c)	Interest on balances with Reserve Bank of India and other Inter Bank Funds	93.04	168.82	585.22
d)	Others	0.12	0.00	0.38
2.	Other Income	773.00	608.07	3153.01
3.	Total Income (1+2)	10427.48	9203.61	37230.94
4.	Interest Expended	7463.32	6638.74	26198.94
5.	Operating Expenses (i)+(ii)+(iii)	1539.19	1282.78	5141.99
(i)	Employees Cost	932.62	791.09	3253.56
(ii)	Rent, Taxes and Lighting	277.70	220.67	466.12
(iii)	Other Operating Expenses	328.87	271.02	1422.31
6.	Total Expenditure (4)+(5) (excluding Provisions and Contingencies)	9002.51	7921.52	31340.93
7.	Operating Profit before provisions & contingencies (3-6)	1424.97	1282.09	5890.01
8.	Provisions (other than tax) and Contingencies	674.03	421.12	2217.91
9.	Exceptional Items	0.00	0.00	0
10.	Profit (+)/ Loss (-) from Ordinary Activities before Tax (7-8-9)	750.94	860.97	3672.1
11.	Tax Expense- Current Year	125.00	200.00	800
12.	Profit (+)/ Loss (-) from Ordinary Activities after Tax (10-11)	625.94	660.97	2872.1
13.	Extraordinary Items (net of tax expense)	0.00	0.00	
14.	Net Profit (+)/ Loss (-) for the period (12-13)	625.94	660.97	2872.1
15.	Paid-up Equity Share Capital (Face Value of each share- Rs.10/-)	443.00	443.00	443
16.	Reserves excluding revaluation reserves (as per balance sheet of previous accounting year)	22401.55	20181.82	22401.55

19) MATERIAL EVENT, DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE

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

VIII. SUMMARY TERM SHEET

Security Name	9.70% CANARA BANK 2024
Issuer	Canara Bank ("CB"/ the "Bank"/ the "Issuer")
Issue Size	Rs 1,000 crore
Option to retain oversubscription (Amount)	Not Applicable
Issue Objective	Augmenting Tier II Capital and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long-term resources
Type of Instrument	Unsecured, Non-Convertible, Redeemable Basel III compliant Tier 2 Bonds (Series II) in the nature of Debentures of Rs. 10 lacs each
Nature of Instrument	Unsecured
Status of Bonds / Seniority of Claims	<p>Claims of the bond holders shall be</p> <ol style="list-style-type: none"> senior to the claims of investors in instruments eligible for inclusion in Tier 1 capital; subordinate to the claims of all depositors and general creditors of the bank; and the bonds shall neither secured nor covered by a guarantee of the issuer or related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis bank creditors.
Issuance Mode	In demat mode only.
Convertibility	Non-Convertible
Trading Mode	In demat mode only
Rating	"CRISIL AAA/Stable" by CRISIL & "[ICRA] AAA (hyb)" by ICRA
Mode of Issuance	Private Placement
Security	Unsecured
Loss Absorbency	<p>The Bonds shall be subjected to loss absorbency features applicable for non-equity capital instruments vide RBI Master Circular No. DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 01, 2013 on Basel III capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital (Annex 5 of the said Circular) and minimum requirements to ensure loss absorbency of additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the Point of Non-viability ("PONV") (Annex 16 of the said Circular).</p> <p>Accordingly, the Bonds may at the option of the RBI either be permanently written off or temporarily written off on the occurrence of the trigger event called the Point of Non Viability. PONV trigger event shall be as defined in the aforesaid RBI Circular and shall be determined by the RBI.</p>
Treatment in Bankruptcy/ Liquidation	The Bondholders shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation.
Point of Non –Viability	The Bonds, at the option of the Reserve Bank of India, can be temporarily written down or permanently written off upon occurrence of the trigger event, called the Point of Non-Viability Trigger ("PONV Trigger").
PONV Trigger	<p>The PONV Trigger event is the earlier of:</p> <ol style="list-style-type: none"> a decision that a temporary/ permanent write off is necessary without which the Bank would become non viable, as determined by the RBI; and the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non viable, as determined by the relevant authority. Such a decision would invariably imply that, the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. <p>For this purpose, a non-viable bank will be:</p> <p>A bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the Reserve Bank of India unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures would include temporary and/or permanent write-off in combination</p>

	<p>with or without other measures as considered appropriate by the Reserve Bank of India (RBI).</p> <p>A bank facing financial difficulties and approaching a PONV shall be deemed to achieve viability if within a reasonable time in the opinion of RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including write-off/public sector injection of funds are likely to:</p> <ol style="list-style-type: none"> Restore confidence of the depositors/ investors; Improve rating/ creditworthiness of the bank and thereby improving its borrowing capacity and liquidity and reduce cost of funds; and Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.
Face Value	Rs. 10.00 lacs per Bond
Premium/ Discount on Issue	Nil
Issue Price	At par (Rs.10.00 lacs per Bond)
Premium/ Discount on redemption	Nil
Maturity	10 years from the Deemed Date of Allotment
Redemption date	10 years from the Deemed Date of Allotment.
Redemption Amount	At face value
Lock-in-Period	Not Applicable
Minimum Application	Five Bonds and in multiples of 1 Bond thereafter
Put / Call option	None
Put Option Date	Not Applicable
Put Option Price	Not Applicable
Put notification time	Not Applicable
Call Option Date	Not Applicable
Call Option Price	Not applicable
Call Notification Time	Not applicable
Coupon	9.70%
Coupon Type	Fixed
Step Up/ Step Down/ Coupon Rate	None
Coupon Payment/ Frequency	Annual.
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc)	Not applicable
Coupon Payment Dates	Annually on 27 th March
Day Count Basis	Actual/Actual
Default Interest Rate	Not Applicable
Interest on Application Money	<p>This shall be paid at the coupon rate (subject to deduction of Income Tax as per the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable), will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer's Bank Account upto one day prior to the Deemed Date of Allotment.</p> <p>The interest on application money will be computed as per Actual/ Actual day count convention. Such interest would be paid on all valid applications, including the refunds. Where the entire subscription amount has been refunded, the interest on application money will be paid along with the Refund Orders. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money.</p>
Listing	Proposed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited ("NSE")
Trustees	Vijaya Bank, Bengaluru
Depository	National Securities Depository Ltd (NSDL) & Central Depository Services (India) Ltd (CDSL)
Settlement	Payment of interest and repayment of principal shall be made by way of cheque(s)/interest/ redemption warrant(s)/ demand draft(s)/ credit through direct credit/ NECS/ RTGS/ NEFT mechanism.

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Business Convention	Day	"Business Day" shall be a day on which commercial banks are open for business in the city of Bengaluru, Karnataka. If any coupon payment date and/or redemption date falls on a day which is not a business day (i.e Sunday or a holiday), payment of coupon shall be made on the next business day without liability for making payment of penal interest for the delayed period. If the due date for redemption (also being the last coupon/interest payment date) on the bonds falls on a day that is not a business day, the redemption proceeds shall be paid on the immediately preceding business day along with interest accrued on the bonds until but excluding the date of such payment.
Record Date		15 days prior to each coupon payment date and / or redemption date
Payment Mode	Name of the Banker	Canara Bank
	Account Name	Canara Bank A/c – Tier 2 Bonds 2013-14 Series II
	Credit into Current A/c No.	2422201000572
	IFSC Code	CNRB0002422
	Address of the Branch	Canara Bank, Capital Market Services Branch, 407-412, 4 th Floor, Himalaya House, 79, Mata Ramabai Ambedkar Marg Paltan Road, Mumbai – 400 001
	Narration	Application Money for the Bond Issue
Eligible Investors		Mutual Funds, Public Financial Institutions as defined under section 4A of the Companies Act, 1956, Scheduled Commercial Banks, Insurance Companies, Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds, Co-operative Banks, Regional Rural Banks authorized to invest in bonds/ debentures, Companies and Bodies Corporate authorized to invest in bonds/ debentures, Trusts authorized to invest in bonds debentures, Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures, etc
Non-Eligible classes of Investors		Resident Individual Investors, Minors without a guardian name, Qualified Foreign Investors, Foreign Nationals, Persons resident outside India, Venture Capital Funds, Alternative Investment Funds, Overseas Corporate Bodies, Partnership firms formed under applicable laws in India in the name of the partners, Hindu Undivided Families through Karta, Person ineligible to contract under applicable statutory/ regulatory requirements etc.
Transaction Documents		The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue: a) Letter appointing Trustee to the Bondholders b) Debenture Trusteeship Agreement; c) Letter appointing Arranger to the Issue; d) Letter appointing Registrar and Agreement entered into between the Issuer and the Registrar; e) Rating Agreement with CRISIL Limited & ICRA Limited; f) Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form; g) Tripartite Agreement between the Issuer; Registrar and CDSL for issue of Bonds in dematerialized form; h) Application made to NSE for seeking its in-principle approval for listing of Bonds i) Listing Agreement with NSE.
Conditions precedent to subscription of Bonds		The subscription from applicants shall be accepted for allocation and allotment by the Issuer subject to the following: a) Rating letter from CRISIL Limited & ICRA Limited not being more than one month old from the issue opening date; b) Consent letter from the Trustees to act as Trustee to the Bondholder(s); c) Letter from NSE conveying in-principle approval for listing & trading of Bonds.
Conditions subsequent to subscription of Bonds		The Issuer shall ensure that the following documents are executed/ activities are completed as per terms of this Disclosure Document: a) Credit of demat account(s) of the Allottee(s) by the number of Bonds allotted within 2 working days from the Deemed Date of Allotment; b) Making application to NSE within 15 days from the Deemed Date of Allotment to list the Bonds and seek listing permission within 20 days from the Deemed Date of Allotment in terms of sub-section (1) of Section 73 of the Companies Act, 1956 (1 of 1956); c) Neither the Bank nor any related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards) shall purchase the Bonds, nor would the Bank directly or indirectly fund the purchase of the Bonds. The Bank shall also not grant advances against the security of the Bonds issued by it. d) Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Disclosure Document.
Cross Default		Not Applicable
Utilization of Issue		The funds being raised by the issuer through this Private Placement are not meant for

Disclosure Document**Canara Bank**

Proceeds	financing any particular project. The Issuer shall utilize the proceeds of the issue for its regular business activities. The Issuer undertakes that proceeds of the present issue shall not be used for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the RBI / SEBI / Stock Exchange(s).
Role and responsibilities of Trustees	<p>The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.</p> <p>The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis.</p> <p>The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all "Qualified Institutional Buyers" (QIBs) within two working days of their specific request.</p>
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction on of District Courts of Bengaluru, Karnataka
Additional Covenants	<p>Delay in Listing: The Issuer shall complete all formalities and seek listing permission within 15 days from the Deemed Date of Allotment. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest of 1.00% per annum over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).</p> <p>Refusal of Listing: If listing permission is refused before the expiry of the 20 days from the Deemed Date of Allotment, the Issuer shall forthwith repay all monies received from the applicants in pursuance of the Disclosure Document along with penal interest of 1.00% per annum over the Coupon Rate from the expiry of 20 days from the Deemed Date of Allotment. If such monies are not repaid within 8 days after the Issuer becomes liable to repay it (i.e. from the date of refusal or 20 days from the Deemed Date of Allotment, whichever is earlier), then the Issuer and every director of the Issuer who is an officer in default shall, on and from the expiry of 8 days, will be jointly and severally liable to repay the money with interest at the rate of 15 per cent per annum on application money, as prescribed under Section 73 of the Companies Act, 1956.</p>
Applicable Guidelines	RBI The present issue of Bonds is being made in pursuance of Master Circular No. DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 01, 2013 issued by the Reserve Bank of India on Basel III capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital (Annex 5 of the said circular) and minimum requirements to ensure loss absorbency of additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the PONV (Annex 16 of the said circular)
Prohibition on Purchase/ Funding of Bonds	Neither the Bank nor a related party over which the Bank exercises control or significant influence (as defined under relevant Accounting Standards) shall purchase the Bonds, nor shall the Bank directly or indirectly fund the purchase of the Bonds. The Bank shall also not grant advances against the security of the Bonds issued by it.
Issue Opening Date *	27.03.2014
Issue Closing Date *	27.03.2014
Pay In Date *	27.03.2014
Deemed Date of Allotment *	27.03.2014

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

without any notice. In case if the Issue Closing Date/ Pay in Dates is/are changed (pre-poned/ post-poned), the Deemed Date of Allotment may also be changed (pre-poned/ post-poned) by the Issuer at its sole and absolute discretion. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Issuer.

The summary term sheet should be read along with RBI guidelines vide its Master Circular No. DBOD.No.BP.BC.2/ 21.06.201/2013-14 dated July 01, 2013 issued by the Reserve Bank of India on Basel III capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital and any other terms and conditions stipulated by RBI from time to time.

IX. TERMS OF OFFER (DETAILS OF DEBT SECURITIES PROPOSED TO BE ISSUED, MODE OF ISSUANCE, ISSUE SIZE, UTILIZATION OF ISSUE PROCEEDS, STOCK EXCHANGES WHERE SECURITIES ARE PROPOSED TO BE LISTED, REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION, DISCOUNT AT WHICH OFFER IS MADE AND EFFECTIVE YIELD FOR INVESTOR)

PRIVATE PLACEMENT OF NON-CONVERTIBLE REDEEMABLE UNSECURED BASEL III COMPLIANT TIER 2 BONDS (SERIES II) FOR INCLUSION IN TIER 2 CAPITAL IN THE NATURE OF DEBENTURES OF FACE VALUE OF RS. 10 LAKHS EACH ("BONDS") AT PAR AGGREGATING RS. 1000 CRORE BY CANARA BANK ("CB" OR THE "ISSUER" OR THE "BANK")

1. ISSUE SIZE

Canara Bank ("CB" or the "Issuer" or the "Bank") proposes to raise upto Rs. 1000 crore through issue of Non-Convertible Redeemable Unsecured Basel III compliant Tier 2 Bonds (Series II) for inclusion in Tier 2 Capital in the nature of Debentures of face value of Rs. 10 lakhs each (hereinafter referred to as "Bonds") by way of private placement (the "Issue").

2. ELIGIBILITY TO COME OUT WITH THE ISSUE

The Bank or its promoter has not been restrained or prohibited or debarred by SEBI/ any other Government authority from accessing the securities market or dealing in securities and no such direction or order is in force.

3. REGISTRATION AND GOVERNMENT APPROVALS

The Bank can undertake the activities proposed by it in view of the present approvals and no further approval from any government authority(ies) is required by it to undertake the proposed activities save and except those approvals which may be required to be taken in the normal course of business from time to time.

4. AUTHORITY FOR THE ISSUE

The present issue of Bonds is being made pursuant to the resolution of the Board of Directors of the Bank, passed at its meeting held 19th November 2013 and the delegation provided there under.

The present issue of Bonds is being made in pursuance of Master Circular No. DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 01, 2013 issued by the Reserve Bank on Basel III capital regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier 2 capital.

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

The Bonds offered are subject to provisions of the Companies Act, Securities Contract Regulation Act, 1956, Banking Companies (Acquisition and transfer of Undertakings) Act, 1970, terms of this Disclosure Document, instructions contained in the Application Form and other terms and conditions as may be incorporated in the Trustee Agreement and Bond Trust Deed. Over and above such terms and conditions, the Bonds shall also be subject to the applicable provisions of the Depositories Act 1996 and the laws as applicable, guidelines, notifications and regulations relating to the allotment & issue of capital and listing of securities issued from time to time by the Government of India (GOI), Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI), concerned Stock Exchange or any other authorities and other documents that may be executed in respect of the Bonds. Any disputes arising out of this issue will be subject to the exclusive jurisdiction of the district courts of city of Bengaluru.

5. OBJECTS OF THE ISSUE

The proposed issue of Bonds is being made for augmenting Tier 2 capital and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long-term resources.

6. UTILISATION OF ISSUE PROCEEDS

The funds being raised by the issuer through this Private Placement are not meant for financing any particular project. The Issuer shall utilize the proceeds of the issue for its regular business activities. The Issuer is subject to a number of regulatory checks and balances as stipulated in its regulatory environment. The Issuer is a Government of India undertaking under the administrative control of Ministry of Finance, Government of India and is managed by professionals under the supervision of the Board of Directors. The management of the Issuer shall ensure that the funds raised via the present issue shall be utilized only towards satisfactory fulfillment of the objects of the issue.

The Issuer undertakes that proceeds of the present issue shall not be used for any purpose which may be in contravention of the regulations/ guidelines/ norms issued by the RBI / SEBI / Stock Exchange(s).

In accordance with the SEBI Debt Regulations, the Issuer undertakes that it shall not utilize the proceeds of the issue for providing loan to or acquisition of shares of any person who is part of the same group or who is under the same management. However, the Issuer is a Government of India Undertaking and, as such, it does not have any identifiable "Group Companies" or "Companies under the Same Management". The issue proceeds shall not be utilized towards full or part consideration for the purchase of any acquisition, including by way of a lease, of any property.

Further, the Issuer undertakes that issue proceeds from the present issue of Bonds shall not be used for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

7. MINIMUM SUBSCRIPTION

As the current issue of Bonds is being made on Private Placement basis, the requirement of minimum subscription shall not be applicable as per SEBI guidelines and therefore the Bank shall not be liable to refund the issue subscription(s)/ proceed(s) in the event of the total issue collection falling short of issue size or certain percentage of issue size.

8. UNDERWRITING

The present Issue of Bonds on Private Placement basis has not been underwritten.

9. STATUS OF BONDHOLDERS/ SENIORITY OF CLAIM

The Bonds are to be issued in the form of Unsecured Basel III Compliant Tier 2 Bonds (Series II) in the form of Debentures of Rs. 10 lacs each. The claims of the Bondholders shall be (i) senior to the claims of investors in instruments eligible for inclusion in Tier 1 capital (ii) subordinate to the claims of all depositors and general creditors of the Bank and (iii) the Bonds shall neither be secured nor covered by a guarantee of the Issuer or its related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis creditors of the Bank.

The Bondholders shall have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation.

10. POINT OF NON VIABILITY ("PONV")

The Bonds, at the option of the Reserve Bank of India, can be temporarily written down or permanently written off upon occurrence of the trigger event, called the Point of Non-Viability Trigger ("PONV Trigger")

11. PONV Trigger

The PONV Trigger event is the earlier of:

- a) a decision that a temporary/ permanent write off is necessary without which the Bank would become non viable, as determined by the RBI; and
- b) the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non viable, as determined by the relevant authority. Such a decision would invariably imply that,

the write-off consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.

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

A bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the Reserve Bank of India unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the Common Equity Tier 1 capital of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures would include temporary and/or permanent write-off in combination with or without other measures as considered appropriate by the Reserve Bank of India (RBI).

A bank facing financial difficulties and approaching a PONV shall be deemed to achieve viability if within a reasonable time in the opinion of RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including write-off/public sector injection of funds are likely to:

- a) Restore confidence of the depositors/ investors;
- b) Improve rating/ creditworthiness of the bank and thereby improving its borrowing capacity and liquidity and reduce cost of funds; and
- c) Augment the resource base to fund balance sheet growth in the case of fresh injection of funds.

12. LOSS ABSORPTION FEATURES

The Bonds shall have temporary written-down/ permanent write-off features. However, whichever option is exercised, it shall be exercised across all the Bondholders in the Issue. The Bonds subject to temporary write-down may be written-up subsequently subject to the following conditions:

- (i) It should be done at least one year after the Bank makes the first payment of dividend to its common shareholders after breaching the pre-specified trigger;
- (ii) Aggregate write-up in a year should be restricted to a percentage of dividend declared during a year, the percentage being the ratio of the "equity created by written-down Bonds to"the total equity minus the equity created by written-down Bonds;
- (iii) Aggregate write-up in a year, should also not exceed 25% of the amount paid as dividend to the common shareholders in a particular year;
- (iv) The Bank can pay coupon on written-up amount from the distributable surplus as and when due subject to the normal rules applicable to Tier 2 Bonds. However, both the amount written-up and paid as coupon in a year will be reckoned as amount distributed for the purpose of complying with restrictions on distributing earnings as envisaged in the capital conservation buffer framework;
- (v) If the Bank is amalgamated with or acquired by another bank after a temporary write-down and the equity holders get positive compensation on amalgamation/ acquisition, the holders of Bonds which have been temporarily written-down shall also be appropriately compensated;
- (vi) The write-down may be allowed more than once in case the Bank hits the pre-specified trigger level subsequent to the first write-down which was partial. Also, the Bonds once written-up can be written-down again;
- (vii) If the Bank goes into liquidation before the Bonds have been written-down, these Bonds shall absorb losses in accordance with the order of seniority indicated in the disclosure document and as per usual legal provisions governing priority of charges;
- (viii) If the Bank goes into liquidation after the Bonds have been written-down temporarily but yet to be written-up, the holders of Bonds shall have a claim on the proceeds of liquidation pari-passu with the equity holders in proportion to the amount written-down;
- (ix) If the Bank goes into liquidation after the Bonds have been written-down permanently, the holders of the Bonds shall have no claim on the proceeds of liquidation;

- (x) If the Bank is amalgamated with any other bank before the Bonds have been written-down, the Bonds shall become a part of the corresponding categories of regulatory capital of the new bank emerging after the merger;
- (xi) If the Bank is amalgamated with any other bank after the Bonds have been written-down temporarily, the amalgamated entity can write-up the Bonds as per its discretion;
- (xii) If the Bank is amalgamated with any other bank after the non-equity regulatory capital instruments have been written-off permanently, these cannot be written-up by the amalgamated entity;
- (xiii) If the relevant authorities decide to reconstitute the Bank or amalgamate the Bank with any other bank under the Section 45 of BR Act, 1949, such a bank will be deemed as non-viable or approaching non-viability and both the pre-specified trigger and the trigger at the point of non-viability for conversion / write-down of Bonds shall be activated. Accordingly, the Bonds will be written-off before amalgamation/ reconstitution in accordance with applicable RBI guidelines;
- (xiv) The Bonds shall be written-down in order in which they would absorb losses in a gone concern situation. These Bonds shall absorb losses in accordance with the order of seniority of claim based on the advice of the Bank's legal counsel;
- (xv) The Bonds shall have one or more of the following features:
 - A) temporary/ permanent write-off in cases where there is no public sector injection of funds; and
 - B) permanent write-off in cases where there is public sector injection of funds.
- (xvi) The amount of Bonds to be written-off shall be determined by the Reserve Bank of India;
- (xvii) When the Bank breaches the PONV Trigger and the equity is replenished through written-down/ write-off, such replenished amount of equity shall be excluded from the total equity of the Bank for the purpose of determining the proportion of earnings to be paid out as dividend in terms of rules laid down for maintaining capital conservation buffer. However, once the Bank has attained total Common Equity ratio of 8% without counting the replenished equity capital, that point onwards, the Bank may include the replenished equity capital for all purposes;
- (xviii) The framework relating to temporary/ permanent write-down/ write-off of the Bonds shall be invoked when the Bank is adjudged by Reserve Bank of India to be approaching the point of non-viability, or has already reached the point of non-viability, but in the views of RBI:
 - a. there is a possibility that a timely intervention in form of capital support, with or without other supporting interventions, is likely to rescue the Bank; and
 - b. if left unattended, the weaknesses would inflict financial losses on the Bank and, thus, cause decline in its common equity level.
- (xix) The purpose of write-off of the Bonds shall be to shore up the capital level of the Bank. RBI would follow a two-stage approach to determine the non-viability of a Bank. The Stage 1 assessment would consist of purely objective and quantifiable criteria to indicate that there is a prima facie case of a Bank approaching non-viability and, therefore, a closer examination of the Bank's financial situation is warranted. The Stage 2 assessment would consist of supplementary subjective criteria which, in conjunction with the Stage 1 information, would help in determining whether the Bank is about to become non-viable. These criteria would be evaluated together and not in isolation.
- (xx) Once the PONV is confirmed, the next step would be to decide whether rescue of the Bank would be through write-off alone or write-off in conjunction with a public sector injection of funds.
- (xxi) The trigger at PONV shall be evaluated both at consolidated and solo level and breach at either level shall trigger write-down.
- (xxii) As the capital adequacy is applicable both at solo and consolidated levels, the minority interests in respect of capital instruments issued by subsidiaries of the Bank including overseas subsidiaries can be included in the consolidated capital of the banking group only if the instruments have pre-specified triggers/ loss absorbency at the PONV. In addition, if the Bank wishes the instrument issued by its subsidiary(ies) to be included in the consolidated group's capital, the terms and conditions of that instrument must specify an additional trigger event.

The additional trigger event is the earlier of

1. a decision that a conversion or temporary/permanent write-off, without which the bank or the subsidiary would become non-viable, is necessary, as determined by the Reserve Bank of India; and
2. the decision to make a public sector injection of capital, or equivalent support, without which the bank or the subsidiary would have become non-viable, as determined by the Reserve Bank of India. Such a decision would invariably imply that the write-off or issuance of new shares as a result of conversion or consequent upon the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted. The AT1 instruments with write-off clause will be permanently written-off

when there is public sector injection of funds.

In such cases the subsidiary should obtain its regulators approval/no objection for allowing the capital instrument to be converted / written off at the additional trigger point referred above (paragraph xxii).

Any common stock paid as compensation to the holders of the instrument must be common stock of either the issuing subsidiary or the parent bank (including any successor in resolution).

(xxiii) The write down should be allowed more than once in case a bank hits the pre-specified trigger level subsequent to the first write down which was partial. Also the Instruments once written up can be written down again.

13. APPLICABLE RBI GUIDELINES

The present issue of Bonds is being made in pursuance of Master Circular No. DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 01, 2013 issued by the Reserve Bank of India on Basel III capital regulations covering criteria for inclusion of debt capital instruments as Tier 2 capital (Annex 5) and minimum requirements to ensure loss absorbency of additional Tier 1 instruments at pre-specified trigger and of all non-equity regulatory capital instruments at the PONV (Annex 16).

14. PURCHASE/ FUNDING OF BONDS BY THE BANK

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

15. FACE VALUE, ISSUE PRICE, EFFECTIVE YIELD FOR INVESTOR

Each Bond has a face value of Rs.10 lakhs and is issued as well as redeemable at par i.e. for Rs.10 lakhs. The Bonds shall be redeemable at par i.e. for Rs.10 lakhs per Bond. Since there is no premium or discount on either issue price or on redemption value of the Bonds, the effective yield for the investors shall be the same as the Coupon Rate on the Bonds.

16. SECURITY

The Bonds are unsecured in nature.

17. TERMS OF PAYMENT

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

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

18. DEEMED DATE OF ALLOTMENT

All benefits under the Bonds including payment of interest will accrue to the Bondholders from and including 27.03.2014, which shall be the Deemed Date of Allotment. All benefits relating to the Bonds will be available to the applicants from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment. The Bank reserves the right to keep multiple allotment date(s)/ date(s) of allotment at its

sole and absolute discretion without any notice. In case if the issue closing date/ pay in dates is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Bank at its sole and absolute discretion.

19. LETTER(S) OF ALLOTMENT/ BOND CERTIFICATE(S)/ REFUND ORDER(S)/ ISSUE OF LETTER(S) OF ALLOTMENT

The beneficiary account of the applicant(s) with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit within two working days from the Deemed Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a Bond Certificate.

20. ISSUE OF BOND CERTIFICATE(S)

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

21. DEPOSITORY ARRANGEMENTS

The Bank has appointed Canara bank Computer Services Ltd (CCSL) as the Registrar ("Registrar") for the present Bond Issue. The Bank has entered into necessary depository arrangements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") for dematerialization of the Bonds offered under the present Issue, in accordance with the Depositories Act, 1996 and regulations made there under. In this context, the Bank has signed two tripartite agreements as under:

Tripartite Agreement between the Bank, NSDL and the Registrar for dematerialization of the Bonds offered under the present Issue.

Tripartite Agreement between the Bank, CDSL and the Registrar for dematerialization of the Bonds offered under the present Issue.

Bondholders can hold the bonds only in dematerialised form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time.

22. PROCEDURE FOR APPLYING FOR DEMAT FACILITY

- a. Applicant(s) must have a Beneficiary Account with any Depository Participant of NSDL or CDSL, prior to making the applications.
- b. The applicant(s) must specify their beneficiary account number and depository participants ID in the relevant columns of the Application Form.
- c. For subscribing the bonds, names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
- d. If incomplete/ incorrect beneficiary account details are given in the Application Form which does not match with the details in the depository system, it will be deemed to be an incomplete application and the same be held liable for rejection at the sole discretion of the Bank.
- e. The Bonds shall be directly credited to the Beneficiary Account as given in the Application Form and after due verification, allotment advice/ refund order, if any, would be sent directly to the applicant by the Registrars to the Issue but the confirmation of the credit of the Bonds to the applicant's Depository Account will be provided to the applicant by the Depository Participant of the applicant.
- f. Interest or other benefits with respect to the Bonds would be paid to those bondholders whose names appear on the list of beneficial owners given by the depositories to the Bank as on the Record Date. In case, the beneficial owner is not identified by the depository on the Record Date due to any reason whatsoever, the Bank would keep in abeyance the payment of interest or other benefits, till such time the beneficial owner is identified

by the depository and intimated to the Bank. On receiving such intimation, the Bank shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 days from the date of receiving such intimation.

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

23. FICTITIOUS APPLICATIONS

Any person who makes, in fictitious name, any application to a body corporate for acquiring, or subscribing to, the bonds, or otherwise induced a body corporate to allot, register any transfer of bonds therein to them or any other person in a fictitious name, shall be punishable under the extant laws.

24. MARKET LOT

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

25. TRADING OF BONDS

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

26. MODE OF TRANSFER OF BONDS

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

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

27. COMMON FORM OF TRANSFER

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

28. INTEREST ON APPLICATION MONEY

This shall be paid at the coupon rate (subject to deduction of Income Tax as per the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer's Bank Account upto one day prior to the Deemed Date of Allotment.

The interest on application money will be computed as per Actual/ Actual day count convention. Such interest would be paid on all valid applications, including the refunds. Where the entire subscription amount has been refunded, the interest on application money will be paid along with the Refund Orders. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money.

The interest cheque(s)/ demand draft(s) for interest on application money (along with Refund Orders, in case of refund of application money, if any) shall be dispatched by the Bank within 15 days from the Deemed Date of Allotment and the relative interest warrant(s) alongwith the Refund Order(s), as the case may be, will be dispatched by registered post to the sole/ first applicant, at the sole risk of the applicant.

29. INTEREST ON THE BONDS

The Bonds shall carry a fixed rate of interest at the Coupon Rate from, and including, the Deemed Date of Allotment up to, but excluding the Redemption Date, payable on the "Coupon Payment Dates", on the outstanding principal amount of Bonds till Redemption Date, to the holders of Bonds (the "Holders" and each, a "Holder") as of the relevant Record Date. Interest on Bonds will cease from the Redemption Date in all events.

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).

In pursuance of the Master Circular No. DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 01, 2013 issued by the Reserve Bank of India on Basel III capital regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier 2 capital, the Bonds shall not have step-ups or any other incentives to redeem.

Further, the Bonds shall not have a credit sensitive coupon feature, i.e. a coupon that is reset periodically based in whole or in part on Banks' credit standing.

If any Coupon 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 city of Bengaluru, Karnataka), payment of interest will be made on next business day without liability for making payment of penal interest for the delayed period.

30. COMPUTATION OF INTEREST

Interest for each of the interest periods shall be computed as per Actual/ Actual day count convention on the face value of principal outstanding at the coupon rate rounded off to the nearest Rupee. Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis, on the face value amount of Bonds outstanding.

31. RECORD DATE

The "Record Date" for the Bonds shall be 15 days prior to each Coupon Payment Date and/ or Redemption Date. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the Record Date and the Redemption Date. Interest payment and principal repayment shall be made to the person whose name appears as beneficiary with the Depositories as on Record Date. In the event of the Bank not receiving any notice of transfer at least 15 days before the respective Coupon Payment Date and at least 15 days prior to the Redemption Date, the transferees for the Bonds shall not have any claim against the Bank in respect of interest and / or Principal so paid to the registered Bondholders.

32. DEDUCTION OF TAX AT SOURCE

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source out of interest payable on Bonds.

Interest payable subsequent to the Deemed Date of Allotment of Bonds shall be treated as "Interest on Securities" as per Income Tax Rules. Bondholders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/ document, under Section 193 of the Income Tax Act, 1961, if any, with the Registrars, or to such other person(s) at such other address(es) as the Bank may specify from time to time through suitable communication, at least 45 days before the payment becoming due. However, with effective from 01.06.2008, tax is not to be deducted at source under the provisions of section 193 of Income Tax Act, 1961, if the following conditions are satisfied:

- a. interest is payable on any security issued by a company
- b. such security is in dematerialized form
- c. such security is listed in a recognised stock exchange in India

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

33. PUT & CALL OPTION

In pursuance of the Master Circular No. DBOD.No.BP.BC.2 /21.06.201/2013-14 dated July 01, 2013 issued by the Reserve Bank of India on Basel III capital regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier 2 capital, the Bonds shall not have any „Put Option“.

However, the Bonds may have „Call Option “exercisable at the initiative of the Bank only after a minimum of five years, subject to compliance with the terms specified in the RBI Norms. The Bank has decided not to retain any „Call Option” in the current issue of Bonds.

Therefore neither the bondholder(s) shall have any right to exercise Put Option nor the Bank shall have right to exercise Call Option to redeem the Bonds, in whole or in part, prior to the Redemption Date.

34. ADDITIONAL COVENANTS

- a. **Delay in Listing:** The Issuer shall complete all formalities and seek listing permission within 15 days from the Deemed Date of Allotment. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest of 1.00% per annum over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).
- b. **Refusal of Listing:** If listing permission is refused before the expiry of the 20 days from the Deemed Date of Allotment, the Issuer shall forthwith repay all monies received from the applicants in pursuance of the Disclosure Document along with penal interest of 1.00% per annum over the Coupon Rate from the expiry of 20 days from the Deemed Date of Allotment. If such monies are not repaid within 8 days after the Issuer becomes liable to repay it (i.e. from the date of refusal or 20 days from the Deemed Date of Allotment, whichever is earlier), then the Issuer and every director of the Issuer who is an officer in default shall, on and from the expiry of 8 days, will be jointly and severally liable to repay the money with interest at the rate of 15 per cent per annum on application money, as prescribed under Section 73 of the Companies Act, 1956.

35. REDEMPTION

The face value of the Bonds shall be redeemed at par, on the Redemption Date.. The Bonds will not carry any obligation, for interest or otherwise, after the Redemption Date. The Bonds shall be taken as discharged on payment of the redemption amount by the Bank on the Redemption Date to the registered Bondholders whose name appear in the Register of Bondholders on the Record Date. Such payment will be a legal discharge of the liability of the Bank towards the Bondholders.

In case if the Redemption 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 city of Bengaluru, Karnataka), then the payment due shall be made on the previous business day.

36. SETTLEMENT/ PAYMENT ON REDEMPTION

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

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

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

37. EFFECT OF HOLIDAYS

If any coupon payment date falls on a day which is a holiday, payment of coupon shall be made on the next business day without liability for making payment of penal interest for the delayed period. If the due date for redemption (also being the last coupon/interest payment date) on the bonds falls on a day that is not a business day, the redemption proceeds shall be paid on the immediately preceding business day along with interest accrued on the bonds until but excluding the date of such payment.

38. LIST OF BENEFICIAL OWNERS

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

39. SUCCESSION

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Bank shall recognize the executor or administrator of the deceased Bondholder, or the holder of succession certificate or other legal representative as having title to the Bond(s). The Bank shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of

administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Bank may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bond(s) standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity.

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

- a. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Bond was acquired by the NRI as part of the legacy left by the deceased holder.
- b. Proof that the NRI is an Indian National or is of Indian origin.

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

40. WHO CAN APPLY

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

- a. Mutual Funds;
- b. Public Financial Institutions as defined under Section 4A of the Companies Act.
- c. Scheduled Commercial Banks;
- d. Insurance Companies;
- e. Provident Funds, Gratuity Funds, Superannuation Funds and Pension Funds;
- f. Co-operative Banks;
- g. Regional Rural Banks authorized to invest in bonds/ debentures;
- h. Companies and Bodies Corporate authorized to invest in bonds/ debentures;
- i. Trusts authorized to invest in bonds/ debentures; and
- j. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures, etc.

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

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

41. WHO ARE NOT ELIGIBLE TO APPLY FOR BONDS

This Issue is not being offered to the following categories of applicants and any application from such applicants will be deemed an invalid application and rejected:

- a. Resident Individual Investors
- b. Minors without a guardian name;
- c. Qualified Foreign Investors;
- d. Foreign Nationals;
- e. Persons resident outside India;
- f. Venture Capital Funds;
- g. Alternative Investment Funds;
- h. Overseas Corporate Bodies;
- i. Partnership firms formed under applicable laws in India in the name of the partners;
- j. Hindu Undivided Families through Karta; and
- k. Person ineligible to contract under applicable statutory/ regulatory requirements.

42. DOCUMENTS TO BE PROVIDED BY APPLICANTS

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

- Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed; B
- Board Resolution authorizing the investment and containing operating instructions/ Power of Attorney/ relevant resolution/ authority to make application;
Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority; Government Notification (in case of Primary Co-operative Bank and RRBs);
- Copy of Permanent Account Number Card ("PAN Card") issued by the Income Tax Department; Copy of a cancelled cheque for ECS payments;
- Necessary forms for claiming exemption from deduction of tax at source on interest on application money, wherever applicable.

43. HOW TO APPLY

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

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

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

Name of the Banker	Canara Bank
Account Name	Canara Bank A/c – Tier 2 Bonds 2013-14 Series II
Credit into Current A/c No.	2422201000572
IFSC Code	CNRB0002422
Address of the Branch	Canara Bank, Capital Market Services Branch, 407-412, 4 th Floor, Himalaya House, 79, Mata Ramabai Ambedkar Marg Paltan Road, Mumbai – 400 001
Narration	Application Money for the Bond Issue

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

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

orders and interest/ redemption warrants.

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

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

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

44. FORCE MAJEURE

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

45. APPLICATIONS UNDER POWER OF ATTORNEY

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Bank or to the Registrars or to such other person(s) at such other address(es) as may be specified by the Bank from time to time through a suitable communication.

46. APPLICATION BY MUTUAL FUNDS

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

47. APPLICATION BY PROVIDENT FUNDS, SUPERANNUATION FUNDS AND GRATUITY FUNDS

The application must be accompanied by certified true copies of (i) Trust Deed/Bye laws/Resolutions, (ii) Resolution authorizing investment and (iii) specimen signatures of the authorized 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.

48. ACKNOWLEDGEMENTS

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

49. BASIS OF ALLOTMENT

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

Allotment will be done on "day-priority basis". In case of oversubscription over and above the issue size, the allotment of such valid applications received on the closing day shall be on pro rata basis to the applicants in the ratio in which they have applied regardless of category of investors. If the proportionate allotment of Bonds to such applicants is not a minimum of one Bond or in multiples of one Bond (which is the market lot), the decimal would be rounded off to the

next higher whole number if that decimal is 0.5 or higher and to the next lower whole number if that decimal is lower than 0.5. All successful applicants on the issue closing date would be allotted the number of Bonds arrived at after such rounding off.

50. RIGHT TO ACCEPT OR REJECT APPLICATIONS

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

- a. Number of bonds applied for is less than the minimum application size;
- b. Applications exceeding the issue size;
- c. Bank account details not given;
- d. Details for issue of Bonds in electronic/ dematerialized form not given;
- e. PAN/GIR and IT Circle/Ward/District not given;
- f. In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

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

51. PAN/GIR NUMBER

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

52. 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.

53. 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 cannot nominate.

54. RIGHT OF BONDHOLDER(S)

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

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

55. MODIFICATION OF RIGHTS

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Bank where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Bank.

56. FUTURE BORROWINGS

The Bank shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form as also issue Bonds/ Debentures/ Notes/ other securities in any manner with ranking as pari-passu basis or otherwise and to change its

capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital, on such terms and conditions as the Bank may think appropriate, without the consent of, or intimation to, the Bondholder(s) or the Trustees in this connection.

57. BOND/ DEBENTURE REDEMPTION RESERVE ("DRR")

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

58. NOTICES

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

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

59. JOINT-HOLDERS

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

60. DISPUTES & GOVERNING LAW

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

61. INVESTOR RELATIONS AND GRIEVANCE REDRESSAL

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

X. CREDIT RATING FOR THE BONDS

CRISIL Limited ("CRISIL") & ICRA Limited (ICRA) have vide their letter no. PB/FSR/CANBANK/2013-14/1653 dated 16/12/2013 of CRISIL & ICRA:BLR:2013-2014/RT/468 dated 12/12/2013 of ICRA, has assigned a credit rating of "CRISIL AAA/Stable" & "[ICRA] AAA (hyb)" for the present issue of Bonds aggregating upto Rs.2,500 crore. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. A copy of rating letter and rating rationale from CRISIL Limited is enclosed elsewhere in this Disclosure Document. Further CRISIL Limited vide their letter no. VR/FSR/CANBANK/2013-14/2126 dated 14/03/2014 has reaffirms the rating for the issue of Bonds aggregating upto Rs. 2,500 crore. ICRA vide their letter no. ICRA:BLR:2013-2014/RT/649[R], dated 12.03.2014 has confirmed the rating assigned to the issue of Bonds aggregating upto Rs.2,500 crore.

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

The above rating is not a recommendation to buy, sell or hold securities and applicants should take their own decision.

The rating may be subject to revision or withdrawal at any time by the assigning rating agency. The rating obtained is subject to revision at any point of time in the future. The rating agency has the right to suspend, withdraw the rating at any time on the basis of new information etc.

XI. TRUSTEES FOR THE BONDHOLDERS

In accordance with the provisions of (i) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, (ii) Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended, (iii) Section 117B of the Companies Act, 1956 (1 of 1956) and (iv) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Bank has appointed Vijaya Bank, to act as Trustees ("Trustees") for and on behalf of the holder(s) of the Bonds. The address and contact details of the Trustees are as under:

Merchant Banking Division, Vijaya Bank, Head Office, 41/2 M G Road, Trinity Circle, Bangalore 560 001

Tele No: 080-25584066

A copy of letter from Vijaya Bank conveying their consent to act as Trustees for the current issue of Bonds is enclosed elsewhere in this Disclosure Document.

The Bank hereby undertakes that a Debenture Trusteeship Agreement shall be executed by it in favour of the Trustees within three months permissible under applicable laws. The Debenture Trusteeship Agreement shall contain such clauses as may be prescribed under section 117A of the Companies Act, 1956 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. Further, the Debenture Trusteeship Agreement shall not contain a clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Bank in relation to any rights or interests of the holder(s) of the Bonds, (ii) limiting or restricting or waiving the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992); Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 and circulars, regulations or guidelines issued by SEBI and (iii) indemnifying the Trustees or the Bank for loss or damage caused by their act of negligence or commission or omission.

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

The Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustee by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993, the Debenture Trusteeship Agreement, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty.

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

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

XII. STOCK EXCHANGE WHERE BONDS ARE PROPOSED TO BE LISTED

The Bonds are proposed to be listed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited ("NSE"). The Bank has made an application to NSE for seeking its in-principle approval for listing of Bonds offered under the terms of this Disclosure Document.

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

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

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

XIII. MATERIAL CONTRACTS & AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER

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

A. MATERIAL CONTRACTS

- a. Letter appointing Registrars and Agreement entered into between the Bank and the Registrars.
- b. Letter appointing Trustees to the Bondholders.

B. DOCUMENTS

- a. The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, as amended from time to time.
- b. Board resolution dated 19/11/2013, authorizing issue of Bonds offered under terms of this Document.
- c. Letter of consent from the Trustees for acting as trustees for and on behalf of the holder(s) of the Bonds.
- d. Letter of consent from the Registrars for acting as Registrars to the Issue.
- e. Copy of Application made to the NSE for grant of in-principle approval for listing of Bonds.
- f. Letter from CRISIL Limited & ICRA Limited conveying the credit rating for the Bonds.
- g. Tripartite Agreement between the Bank, NSDL and Registrars for issue of Bonds in dematerialised form.
- h. Tripartite Agreement between the Bank, CDSL and Registrars for issue of Bonds in dematerialised form.

XIV. CASH FLOW (AS per SEBI CIR/IMD/DF/18/2013 dated 29/10/2013):

Company	Canara Bank
Face Value (per security)	Rs 10,00,000.00
Issue Date/Date of Allotment	27 th March 2014
Redemption Date	27 th March 2024
Coupon Rate	9.70%
Frequency of Interest Payment with specified Dates	First Interest on 27 th March 2015 and subsequently on 27 th March every year till maturity
Day Count Convention	Actual/Actual

Cash Flows on Face Value of Rs 10,00,000/- per bond	Date	No of days in Coupon Period	Amount (in Rupees)
1st Coupon	27-Mar-15	365	97 000.00
2nd Coupon	28-Mar-16	367	97 531.51
3rd Coupon	27-Mar-17	364	96 734.25
4th Coupon	27-Mar-18	365	97 000.00
5th Coupon	27-Mar-19	365	97 000.00
6th Coupon	27-Mar-20	366	97 265.75
7th Coupon	27-Mar-21	365	97 000.00
8th Coupon	28-Mar-22	366	97 265.75
9th Coupon	27-Mar-23	364	96 734.25
10th Coupon	27-Mar-24	366	97 265.75
Principal	27-Mar-24	366	10 00 000.00
Total			19 70 797.26

XV. DECLARATION

The Bank undertakes that this Disclosure Document contains full disclosures in accordance with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended.

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

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

Signed pursuant to internal authority granted.

for Canara Bank


N S Thyagaraja

Deputy General Manager

Place: Bengaluru, Karnataka

Date: March 21, 2014

Ref.No.:NSE/LIST/233729-K

March 20, 2014

The Company Secretary
Canara Bank
7th Floor, Maker Chamber III,
Nariman Point,
Mumbai – 400 021

Kind Attn.: Mr. B Nagesh Babu

Dear Sir,

Sub: In-principle approval for listing of Non-Convertible, Redeemable, Unsecured, Basel-III Complaint Tier-2 Bonds (Series-II) to be issued by Canara Bank on private placement basis .

This is with reference to your application dated March 20, 2014 for listing of Non-Convertible, Redeemable, Unsecured, BASEL-III Complaint Tier-II Bonds (Series – II) in the Nature of Debenture of face value of Rs. 10.00 lacs each (“Bonds”) at par aggregating Rs. 1000.00 Crore to be issued on private placement basis by Canara Bank, on the Wholesale Debt Market segment of the Exchange, in this regard the Exchange is pleased to grant in-principle approval for the said issue.

Kindly note that these debt instruments may be listed on the Exchange after the allotment process has been completed provided the securities of the issuer are eligible for listing on the Exchange as per our listing criteria and the issuer fulfills the listing requirements of the Exchange. The issuer is responsible to ensure compliance with all the applicable guidelines issued by appropriate authorities from time to time including SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

Yours faithfully,
For National Stock Exchange of India Limited

Kamlesh Patel
Manager



Ref:MBD:HO:PB:451:2013

Date :05.12.2013

The Assistant General Manager
Canara Bank
Treasury & Investment Division
Integrated Treasury Wing
7th Floor, Maker Chambers III
Nariman Point
Mumbai 400 021

1608



Dear Sir,

Sub: Debenture Trusteeship - Trusteeship for Tier II Bonds aggregating to Rs.2500 crores.

With reference to your letter Ref: T&ID: ITW: MUM: 825:2013-14, we are pleased to inform you that we are agreeable to act as Debenture Trustee for the proposed bond issue under following terms and conditions:

- 01) Annual service charges @ Rs.8000/- per issue, per annum payable upfront, reckoning from the date of allotment of bonds till final redemption. 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 Telephone, Postage, Legal & Advocates fee for drafting documents, stamp duty, Registration fee etc., shall be paid along with service tax, wherever applicable.

Kindly furnish the following documents at the earliest.

- Acceptance letter to the above terms and conditions
- Offer Document
- A copy of MOPP

On receipt of the above, we will be sending a preliminary agreement, as required under Clause 13 (a) of the SEBI (Debenture Trustees) Regulations 1993.

On Completion of issue process, forward the following documents:

- a) Copy of rating letter along with all enclosures
- b) Copy of Board resolution allotting the bonds.
- c) List of bond holders with their addresses and details of holdings along with date of allotment.

- d) Details of listing arrangements made
- e) Confirmation for having sent bond certificates to all bond holders

This quote is subject to the condition that Vijaya Bank does not have any exposure in Canara Bank either in the form of direct/indirect credit facility or investment in bonds.

Kindly acknowledge receipt.

Yours faithfully,



NAGESHWARA RAO.Y
GENERAL MANAGER





CANBANK COMPUTER SERVICES LTD

(A Subsidiary of CANARA BANK)

R & T Center, # 218, JP ROYALE, 1st Floor, 2nd Main, Sampige Road, (Near 14th Cross), Malleswaram, BANGALORE-560 003.

Ph : 91-80-23469661/62 & 23469664/65 ■ Fax : 91-80-23469667 ■ E-mail : canbankrta@ccsl.co.in ■ www.canbankrta.com

REF : CCSL/RnT/CB /TIER II – BONDS / KR/ 1726 / 13

Date : 30th November, 2013

Canara Bank
Treasury & Investments Division
Integrated Treasury Wing,
7th Floor, Maker Chambers III
Nariman Point,
Mumbai – 400 021.



BY COURIER.

Kind attn : **Mahesh M Pai**
Asst General Manager

Dear Sir,

Sub : Private Placement BASEL – III Tier – II Bonds for Rs . 2500 Crores Issue

We refer to your letter No : T&ID: ITW:MUM:824:2013-14 dated 29.11.2013.

We are happy to accept the proposal and give our consent to act as Registrars & Transfer Agents to the subject Issue , as per the Existing Terms and Conditions.

Thanking you and assuring our best attention and services always.

Yours faithfully,

M A NAYAGAM
Managing Director


ICRA Limited
CONFIDENTIAL
An Associate of Moody's Investors Service
Ref:ICRA:BLR:2013-2014/RT/468
December 12, 2013

To,
The General Manager
Treasury and Investments Division
M/s Canara Bank
T& IO Wing
7th Floor, Maker Chambers II
Nariman Point
Mumbai 400021

Dear Sir,
Re : ICRA Credit Rating for the Basel III compliant Tier II bonds of Rs. 2500 crore of Canara Bank

Please refer to your Rating Requisition No. T & ID:T&IOW:MUM:831:2013-2014, dated December 5, 2013 and the subsequent Rating Agreement of December 5, 2013, for carrying out the rating of the aforesaid Bond Programme. The Rating Committee of ICRA, after due consideration, has assigned the "[ICRA]AAA(hyb)" (pronounced ICRA triple A hybrid) rating with **Stable Outlook** to the captioned bond programme. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The letters "hyb" in parenthesis suffixed to a rating symbol stand for "hybrid", indicating that the rated instrument is a hybrid subordinated instrument with equity-like loss-absorption features; such features may translate into higher levels of rating transition and loss-severity vis-à-vis conventional debt instruments.

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

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

Contd..

The Millenia, Tower B, Unit No. 1004, 10th Floor,
 1&2 Murphy Road, Ulsoor, Bangalore - 560 008.

Tel. : + (91-80) 4332 6400
 Fax : + (91-80) 4332 6409

website : www.icra.in
 email : info@icraindia.com

Registered Office : 1105, Kallash Building, 11th Floor, 26 Kasturba Gandhi Marg, New Delhi - 110 001. Tel. : + (91-11) 23357940 - 50 Fax : + (91-11) 23357014
 Corporate Office : Building No. 8, 2nd Floor, Tower-A, DLF Cyber City, Phase-II, Gurgaon - 122 002. Tel. : + (91-124) 4545300 Fax : + (91-124) 4050424

RATING • RESEARCH • INFORMATION



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

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

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

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

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

With kind regards,

Yours sincerely,
for ICRA Limited

A handwritten signature in black ink, appearing to read 'J. Chatterjee'.

[J. Chatterjee]
Sr. Group Vice President & Regional Head-South

A handwritten signature in black ink, appearing to read 'Remika Agarwal'.

[Remika Agarwal]
Asst. Vice President



Canara bank

	Amount In Rs. Crore	Amount Outstanding In Rs. Crore	Rating Action
Tier II Bonds Programme-Basel-III	2500	2500	[ICRA]AAA(hyb)(stable);assigned
Lower Tier II Bonds Programme	325	325	[ICRA]AAA (stable); reaffirmed
Lower Tier II Bonds Programme	700	700	[ICRA]AAA (stable); reaffirmed
Lower Tier II Bonds Programme	400	400	[ICRA]AAA (stable); reaffirmed
Lower Tier II Bonds Programme	575	575	[ICRA]AAA (stable); reaffirmed
Lower Tier II Bonds Programme	425	425	[ICRA]AAA (stable); reaffirmed
Lower Tier II Bonds Programme	800	500	[ICRA]AAA (stable); reaffirmed
Lower Tier II Bonds Programme	500	500	[ICRA]AAA (stable); reaffirmed
Lower Tier II Bonds Programme	350	264	[ICRA]AAA (stable); reaffirmed
Certificate of Deposits Programme	40,000	--	[ICRA]A1+;reaffirmed

ICRA has assigned the [ICRA]AAA(hyb) (pronounced ICRA triple A hybrid) with a stable outlook to the Rs. 2500 crore Basel-III compliant Tier-II bond programme of Canara Bank (Canara or “the Bank”)†. The letters “hyb” in parenthesis suffixed to a rating symbol stand for “hybrid”, indicating that the rated instrument is a hybrid subordinated instrument with equity-like loss-absorption features; such features may translate into higher levels of rating transition and loss-severity vis-à-vis conventional debt instruments. The rated Tier-II bonds are expected to absorb losses once “Point of Non Viability” (PONV) trigger is invoked.

ICRA has reaffirmed the [ICRA]AAA (pronounced ICRA triple A) rating with a stable outlook to the Lower Tier II bond of Canara aggregating to Rs. 4,075 crore (outstanding Rs. 3689 crore). ICRA has also reaffirmed the [ICRA]A1+ (pronounced ICRA A one plus) rating to the Rs. 40,000 crore Certificate of Deposits programme of Canara.

The ratings factor in the majority Government of India (GOI) shareholding, which provides a strong likelihood of sovereign support to the bank; coupled with the bank’s systemic importance, its established franchise, healthy business growth, especially in Q2 2013-14 and its presently comfortable capitalisation profile. ICRA notes that the bank’s core Tier-I (Basel-III) as on September 2013 was healthy at 8.1%, therefore probability of PONV invocation remains low. ICRA has also taken note that the bank has maintained excess capital in the past; further GOI shareholding at 67.7% gives further cushion to mobilize fresh equity to meet Basel III norms as well as for growth, if required. In the past, GOI has supported Canara as a shareholder to support growth while maintaining a prudent capitalization profile. In ICRA’s current assessment, in case of need, GOI is expected to infuse equity well in advance so that Canara’s capital remains well in excess of PONV triggers. Further, considering GOI’s stance on maintaining 8% Tier 1 capital and likely severe restrictions on the operations of the bank (which may hinder important policy implementation for GOI) on invocation of PONV trigger, probability of PONV trigger invocation seem quite low in ICRA’s opinion. Any significant change in GOI’s current stance on providing regular capital support would be a key rating sensitivity for these instruments. The ratings take note of the deterioration witnessed in its asset quality during 2012-13 and in H1 2013-14 and the moderation in its profitability indices during the above mentioned periods.

* Rs. 1 crore = Rs. 10 million = Rs. 100 Lakh

† For complete rating scale and definitions, please refer to ICRA’s website www.icra.in or other ICRA Rating Publications.



Canara Bank with a total net advances book of about Rs.2,81,000 crore as on September 30, 2013 and deposits of about Rs. 3,91,000 crore is among the large public sector banks in the country. The bank reported a healthy 16% growth in its advances during the H1 2013-14 over the March 2013 levels, while deposits grew by about 10% during the same period. Consequently, the bank's Credit to Deposit (CD) ratio improved to about 72% in September 2013 vis a vis 68% in March 2013. The bank has opened about 490 branches in H1 2013-14, which along with the already established franchise network and its expected focus on retail segment going forward augurs well with the bank's medium term growth plans.

The bank's asset quality has deteriorated with gross NPA at 2.57% in March 2013 vis a vis 1.73% in March 2012. The same further deteriorated to 2.91% in June 2013 before moderately improving in September 2013 to 2.64%. The annualised NPA generation rate for H1FY2013-14 was high at 3.6% vis-a-vis 2.5% in 2012-13. ICRA however also takes note of the healthy up-gradation and recoveries of about Rs. 2245 crore during H1 2013-14 on a total opening gross NPA of Rs.6260 crore in March 2013 and slippages of Rs. 4,208 crore during the period. As in September 2013, the bank had a total standard restructured book of Rs.18,053 crore, which is about 6.57% of the total standard advances. Further, the bank has a sizeable restructuring pipeline of about Rs.3000 crore for the remaining part of the year. Vulnerable advances[‡] stood marginally high at 4.25% as in September 2013 as against 4.21% in March 2013, to an extent supported by the healthy advances growth witnessed during the period. ICRA takes cognisance of the initiatives taken by the bank to improve its recoveries and reduce incremental slippages; however its ability to achieve the same, given the prevailing weak business environment remains to be seen and would be critical from the credit perspective.

As on September 30, 2013 the reported capital adequacy (Basel-III) of the bank declined to 10.62% (Tier 1 of 8.52%) against 11.13% (Tier 1 of 8.92%) as on June 30, 2013 on account of the brisk growth in advances during Q2 2013-14. The current capitalisation and the expected equity infusion of Rs.500 crore from the Government of India (GoI) would support its overall capitalization level in the near term. ICRA nevertheless notes that, the internal capital generation[§] of the bank moderated to 9.62% in 2012-13 from about 13.17% in 2011-12.

The bank has a moderate earnings profile, with an NIM (net interest margin) of 1.95% for H12013-14 as against 2.01% in 2012-13 and 2.18% in 2011-12. The credit costs however increased to 0.56% for H12013-14 from 0.48% in 2012-13 and 0.37% in 2011-12. Consequently, the bank's Return of Assets (RoA) declined to 0.66% for H1 2013-14 from about 0.73% in 2012-13 and 0.93% in 2011-12. ICRA further takes note of the large unabsorbed losses (about Rs.705 crore as in September 2013) on its investment book on account of the depreciation in the bank's AFS and HTM book during Q2 2013-14. Thus, any adverse movement in the systemic yield is expected to further erode the bank's profitability going forward.

Canara's CASA ratio had remained at range bound at about 25-26% over the last 5-6 quarters, which is relatively weaker than the comparable peers. ICRA however notes that the bank has been able to reduce the proportion of the high cost deposits and Certificate of deposits from about 38% in September 2012 to about 14% in September 2013.

ICRA believes that, going forward, arresting further deterioration in asset quality and, improvement Canara's core earnings by improving CASA and fee based income would be critical from a credit perspective.

‡ Computed as (Gross NPAs + 25% of Standard Restructured Advances) % of Total Advances

§ Profit after tax less dividend as a proportion of network

**Bank Profile:**

Canara Bank is the one of the large nationalised bank in the country with GOI having 67.7% ownership in the bank. Headquartered in Bangalore, Canara bank has a pan India presence and has emerged as a 'financial conglomerate' with seven domestic subsidiaries, a joint venture entity and four other associate entities. The group consisting of subsidiaries and joint ventures provides a wide range of financial offerings including asset management, online trading, factoring and housing finance. The bank made its maiden public offering of its shares in 2002-03 and consequently the GOI shareholding declined over a period to the present level of 67.7%. As in September 2013, the bank had a branch network of 4216 with about 5.2 crore strong clientele base.

For the half year ended September 2013, Canara Bank reported a net profit of Rs. 1418 crore on a total income of Rs. 20935 crore. In 2012-13, the bank reported a net profit of Rs.2872 crore on a total income of Rs.37231 crore.

December 2013

For further details please contact:

Analyst Contacts:

Mr. Karthik Srinivasan (Tel. No. +91-22-61796365)
karthiks@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

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ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. The ICRA ratings are subject to a process of surveillance which may lead to a revision in ratings. Please visit our website (www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: **9871221122**

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: **9821086490**

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion, Appasaheb Marathe Marg,
Prabhadevi, Mumbai - 400 025
Ph : +91-22-30470000, 24331046/1053
/1062/1074/1086/1087, Fax : +91-22-24331390

Kolkata**Mr. Jayanta Chatterjee**

Mobile: **9845099459**

Email: jayantac@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna, 234/3A, A.J.C. Bose
Road Kolkata—700020
Tel: +91-33-22876617/8839 22800008/22831411

Chennai**Mr. Jayanta Chatterjee**

Mobile: **9845099459**

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre, 498 Anna Salai, Nandanam,
Chennai-600035.
Tel + (91 44) 45964300, Fax + (91 44) 9434 3663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: **9845099459**

Email: jayantac@icraindia.com

'The Millenia',
Tower B, Unit No. 904, 9th Floor, Level 9, 19-14, 1 & 9,
Murphy Road, Bangalore - 560 008
Tel:91-80- 43396400 Fax:91-80-43396409

Ahmedabad**Mr. L. Shivakumar**

Mobile: **989986490**

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924,
Tele Fax: +91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: **989986490**

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar,Pune-411 090
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: **9845099459**

Email: jayantac@icraindia.com

4th Floor, SHOBHAN, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500



CONFIDENTIAL

Ref: ICRA: BLR: 2013-2014/RT/649[R]

March 12, 2014

To,
The General Manager
Treasury and Investments Division
M/s Canara Bank
T& IO Wing
7th Floor, Maker Chambers II
Nariman Point
Mumbai 400021

Dear Sir,

Re: ICRA Credit Rating for the Basel III compliant Tier II bonds of Rs. 2500 crore of Canara Bank

Please refer your e-mail dated March 11, 2014 requesting for confirming the validity of the rating issued for the captioned instrument.

We confirm that the **[ICRA]AAA(hyb)** (pronounced ICRA triple A hybrid) rating with a **Stable Outlook**, assigned to the captioned bonds programme and last communicated to you vide our letter Ref:ICRA:BLR:2013-2014/RT/468 dated December 12, 2013, stands as on the date of this letter. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The letters "hyb" in parenthesis suffixed to a rating symbol stand for "hybrid", indicating that the rated instrument is a hybrid subordinated instrument with equity-like loss-absorption features; such features may translate into higher levels of rating transition and loss-severity vis-à-vis conventional debt instruments. All other terms and conditions are as per our earlier letter ICRA:BLR:2013-2014/RT/468, dated December 12, 2013.

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

With kind regards,

Yours sincerely,
for ICRA Limited

[Jayanta Chatterjee]
Sr Group Vice President and Regional Head - South

CONFIDENTIAL

Ref.No: PB/FSR/CANBANK/2013-14/1653

December 16, 2013



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



Dear Mr. Prabhu,

Re: CRISIL Rating for the Rs.25.0 billion Tier II Bond Issue (under BASEL III) of Canara Bank

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

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

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


Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. The terms of the instrument are mentioned in Annexure 1. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per the latest SEBI circular¹ on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com. Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,


Rajat Bahl
Director – Financial Sector Ratings


Puneet Bambha
Manager – Financial Sector Ratings

¹ Please refer to SEBI circular (bearing reference number: CIR/IMD/DF/17/2013) on Centralized Database for Corporate bonds/ Debentures dated October 22, 2013

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@crisil.com or at (+91 22) 6691 3001 – 09.

CRISIL Limited

Annexure – I

Key features of the Rs.25.0 billion Tier II Bond Issue (under BASEL III) of Canara Bank

- Non-Convertible Redeemable Unsecured Basel III compliant Tier II Bonds
- Redeemable after 120 months from the deemed date of allotment.
- Coupon payments on an annual basis.
- Loss Absorption Features' as per RBI's BASEL III norms applicable.
 - Instrument may at the option of RBI either be permanently written off or temporarily written off on occurrence of trigger event called Point of Non Viability (PONV) trigger.
 - PONV trigger shall be determined by RBI.

Annexure – II Details of the Rs.25.0 billion Tier II Bond Issue (under BASEL III) of Canara Bank

	<i>1st tranche</i>		<i>2nd tranche</i>		<i>3rd tranche</i>	
<i>Instrument Series:</i>						
<i>Amount Placed:</i>						
<i>Maturity Period:</i>						
<i>Put or Call Options (if any):</i>						
<i>Coupon Rate:</i>						
<i>Interest Payment Dates:</i>						
<i>Principal Repayment Details:</i>	Date	Amount	Date	Amount	Date	Amount
<i>Investors:</i>						
<i>Trustees:</i>						

In case there is an offer document for the captioned Debt programme, please send us a copy of it.

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Ref.No: VR/FSR/CANBANK/2013-14/2126

March 14, 2014

Mr. M.A.K.Prabhu

General Manager – Treasury & Investment Division,

Canara Bank

Maker Chamber III,

7th Flr, Nariman Point,

Mumbai – 400 021.

Ph: 022 – 2283 4314 / Fax: 022 – 2280 0100



Dear Mr. Prabhu,

Re: CRISIL Rating for the Rs.25.0 billion Tier II Bond Issue (under BASEL III) of Canara Bank

All ratings assigned by CRISIL are kept under continuous surveillance and review.

Please refer to our rating letter dated December 16, 2013 bearing Ref No. PB/FSR/CANBANK/2013-14/1653

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

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

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per the latest SEBI circular¹ on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

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

With warm regards,

Yours sincerely,


Rajat Bahl

Director – Financial Sector Ratings


Vydanathan Ramaswamy

Associate Director – Financial Sector Ratings

¹ Please refer to SEBI circular (bearing reference number: CIR/MD/DF/17/2013) on Centralized Database for Corporate bonds/ Debentures dated October 22, 2013

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@crisil.com or at (+91 22) 6691 3001 – 09.

CRISIL Limited

Annexure – I

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