

Ref :: CMD:SD:3707/3708/11/12:BNB:2013

December 27, 2013

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The Manager
Listing Department
National Stock Exchange of India Ltd
EXCHANGE PLAZA
Bandra-Kurla Complex
Bandra [E] MUMBAI 400051 Fax : 022 -
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प्रिय महोदय/ Dear Sir,

विषय/ Sub: Issuance of Tier - II Bonds (Series - I)

We had, vide our letter CMD SD 3620 3621 11 12 2013 BNB, dated 16.12.2013, informed the Exchange that as per the powers delegated by the Board of the bank, the Bond Committee, during the course of its meeting held on 16.12.2013, decided to raise additional capital of Rs. 1500 Crore through issue of BASEL-III compliant Tier-II Bonds (Series-I).

The Bank is, now, coming out with the issuance of Tier – II Bonds (Series – I) for Rs. 1500 Crore to augment capital resources. The details are annexed.

धन्यवाद / Thanking you,

भवदीय/ Yours faithfully,


बी नगेशबाबू / B NAGESH BABU
कंपनी सचिव/ COMPANY SECRETARY

सचिवालय विभाग

अध्यक्ष व प्रबंध निदेशक का सचिवालय

प्रधान कार्यालय

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TERM SHEET FOR ISSUANCE OF BASEL III COMPLIANT TIER II BONDS (SERIES I) FOR RS 1,500 CRORE.

Issuer	Canara Bank
Type of Instrument	Unsecured, Non-Convertible, Redeemable Basel III compliant Tier II Bonds (Series I) in the nature of Debentures of Rs. 10 lacs each
Nature of Instrument	Unsecured
Issue Objective	Augmenting Tier II Capital and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long-term resources
Issue Size	Rs 1,500 crore (Rupees One Thousand Five Hundred Crore only)
Mode of Issuance	Private Placement
Tenor	10 Years from the deemed date of allotment
Put / Call Option	None
Redemption date	10 years from the deemed date of allotment
Coupon	9.73% per annum (Fixed)
Step up/Step down coupon rate	Not Applicable
Coupon Payment Date & Frequency	The first coupon will be paid on 03/01/2015 and annually every year thereafter subject to regulatory norms
Default Interest Rate	Not Applicable
Rating	"CRISIL AAA Stable" by CRISIL & "ICRA AAA (hyb)" by ICRA
Face Value	Rs 10 Lakhs per bond
Issue & Redemption Price	At Par
Day Count basis	Actual/Actual
Status of Bonds / Seniority of Claims	Claims of the bond holders shall be - 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.
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.
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) 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).
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.
Loss Absorbency		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). 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.
Treatment in Bankruptcy/ Liquidation		The Bondholders must have no rights to accelerate the repayment of future scheduled payments (coupon or principal) except in bankruptcy and liquidation
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	The PONV Trigger event is the earlier of: - 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. 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: - 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.
Lock-in-Period	Not Applicable
Minimum Application	Five bonds and in multiples of 1 bond thereafter
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.
Registrars	Canbank Computer Services Ltd
Trustees	Vijaya Bank, Bengaluru
Depository	National Securities Depository Ltd (NSDL) & Central Depository Services (India) Ltd (CDSL)
Listing	Proposed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited (NSE)
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.
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.
Role Responsibilities of Trustees	and of 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 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. 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.
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	Delay in Listing: The Issuer shall complete all formalities and seek listing permission within 15 days from the Deemed Date of Allotment. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest of 1.00% per annum over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s). Refusal of Listing: If listing permission is refused before the expiry of the 20 days from the Deemed Date of Allotment, the Issuer shall forthwith repay all monies received from the applicants in pursuance of the Disclosure Document along with penal interest of 1.00% per annum over the Coupon Rate from the expiry of 20 days from the Deemed Date of Allotment. If such monies are not repaid within 8 days after the Issuer becomes liable to repay it (i.e. from the date of refusal or 20 days from the Deemed Date of Allotment, whichever is earlier),



	then the Issuer and every director of the Issuer who is an officer in default shall, on and from the expiry of 8 days, will be jointly and severally liable to repay the money with interest at the rate of 15 per cent per annum on application money, as prescribed under Section 73 of the Companies Act, 1956.	
Issue mode	Through demat at NSDL/CDSL - No physical certificates to be issued	
Record Date	15 days prior to each coupon payment date and redemption date	
Compliance Officer	Company Secretary of the Bank.	
Payment Mode	The remittance of application money should be made by electronic transfer of funds through RTGS mechanism for credit to an Account as furnished below;	
	Name of the Banker	Canara Bank
	Account Name	Canara Bank A/c - Tier 2 Bonds 2013-14 Series I
	Credit into Current A/c No.	2422201000571
	IFSC Code	CNRB0002422
	Address of the Branch	Canara Bank, Capital Market Services Branch, 407-412, 4th Floor, Himalaya House, 79, Mata Ramabai Ambedkar Marg, Paltan Road, Mumbai - 400 001
	Narration	Application Money for the Bond Issue
Cross Default	Not Applicable	
Issue Opening Date	30.12.2013	
Issue Closing Date	03.01.2014	
Pay In date	30.12.2013 to 03.01.2014	
Deemed date of Allotment	03.01.2014	
Arrangers	Axis Bank Ltd; A.K. Capital Services Ltd; Trust Investment Advisors Pvt Ltd.	

