COMMERCIAL BANK

# Prospectus

## COMMERCIAL BANK OF CEYLON PLC

Debenture Issue 2026

**COMMERCIAL BANK OF CEYLON PLC**

# PROSPECTUS

AN INITIAL ISSUE OF ONE HUNDRED MILLION (100,000,000) BASEL III COMPLIANT – TIER 2 LISTED, RATED, UNSECURED, SUBORDINATED, REDEEMABLE DEBENTURES WITH A NON-VIABILITY CONVERSION FEATURE ("DEBENTURES"), AT THE PAR VALUE OF LKR 100/- EACH TO RAISE SRI LANKAN RUPEES TEN BILLION (LKR 10,000,000,000/-) WITH AN OPTION TO ISSUE UP TO A FURTHER FIFTY MILLION (50,000,000) OF SAID DEBENTURES TO RAISE UP TO A FURTHER SRI LANKAN RUPEES FIVE BILLION (LKR 5,000,000,000/-), AT THE DISCRETION OF THE BANK IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ISSUE, AND WITH A FURTHER OPTION TO ISSUE UP TO A FURTHER FIFTY MILLION (50,000,000) OF SAID DEBENTURES TO RAISE UP TO A FURTHER SRI LANKAN RUPEES FIVE BILLION (LKR 5,000,000,000/-), AT THE DISCRETION OF THE BANK IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ISSUE AND THE SECOND TRANCHE.

MAXIMUM ISSUE OF DEBENTURES WILL NOT EXCEED TWO HUNDRED MILLION (200,000,000) OF THE SAID DEBENTURES, AT A VALUE NOT EXCEEDING SRI LANKAN RUPEES TWENTY BILLION (LKR 20,000,000,000/-).

TO BE LISTED ON THE COLOMBO STOCK EXCHANGE.

Rated A (lka) by Fitch Ratings Lanka Limited

Issue opens on
July 16, 2026

ISSUE IS LIMITED TO "QUALIFIED INVESTORS" AS DEFINED HEREIN.

Managers to the Issue:
Commercial Bank of Ceylon PLC
Investment Banking Unit
"Commercial House"
No. 21, Sir Razik Fareed Mawatha,
P. O. Box 856,
Colombo 01,
Sri Lanka.
Tel : +94 (0) 11 2 486 848
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+94 (0) 11 2 486 499
Fax : +94 (0) 11 2 335 385
Email : investment_banking@combank.net

# RESPONSIBILITY FOR THE CONTENT OF THE PROSPECTUS

The Directors of Commercial Bank of Ceylon PLC (the Bank), collectively and individually, having made all reasonable enquiries confirm, to the best of their knowledge and belief, that this Prospectus contains all information with respect to the Bank, which is material in the context of the Issue; that the information contained herein is true and correct in all material respects and is not misleading; that there are no other material facts, the omission of which would make any statement contained herein misleading; that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions.

Where representations regarding the future performance of the Bank have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Bank and making assumptions that are considered to be reasonable at the present point in time in their best judgment.

The Bank accepts responsibility for the information contained in this Prospectus. While the Bank has taken reasonable care to ensure full and fair disclosure of pertinent information, it does not assume any responsibility for any investment decisions made by Qualified Investors based on information contained herein. In making an investment decision, prospective Qualified Investors are advised to read the Prospectus and rely on their own examination and assessments of the Bank and the terms of the Debentures issued including the risks involved.

IF YOU ARE IN ANY DOUBT REGARDING THE CONTENTS OF THIS DOCUMENT OR IF YOU REQUIRE ANY ADVICE IN THIS REGARD, YOU SHOULD CONSULT YOUR BANK MANAGER, STOCKBROKER, LAWYER OR ANY OTHER PROFESSIONAL ADVISOR.

THE DELIVERY OF THIS PROSPECTUS SHALL NOT, UNDER ANY CIRCUMSTANCES, CONSTITUTE A REPRESENTATION OR CREATE ANY IMPLICATION OR SUGGESTION THAT THERE HAS BEEN NO MATERIAL CHANGE IN THE AFFAIRS OF THE BANK SINCE THE DATE OF THIS PROSPECTUS. PLEASE REFER TO THE DISCLOSURES MADE BY THE BANK ON THE CSE WEBSITE IN RESPECT OF ANY MATERIAL CHANGE (IF ANY) IN THE AFFAIRS OF THE BANK SINCE THE DATE OF THIS PROSPECTUS.

THE COLOMBO STOCK EXCHANGE (THE “CSE”) HAS TAKEN REASONABLE CARE TO ENSURE FULL AND FAIR DISCLOSURE OF INFORMATION IN THIS PROSPECTUS. HOWEVER, THE CSE ASSUMES NO RESPONSIBILITY FOR ACCURACY OF THE STATEMENTS MADE, OPINIONS EXPRESSED, UNDISCLOSED INFORMATION, REPORTS INCLUDED OR OMISSIONS MADE IN THIS PROSPECTUS. MOREOVER, THE CSE DOES NOT REGULATE THE PRICING OF THE DEBENTURES WHICH IS DECIDED SOLELY BY THE ISSUER.

The Bank is bound, *inter alia*, by all applicable Rules set out in the CSE Listing Rules.

## IMPORTANT NOTICE

**By acquiring any Debenture, each Debenture Holder irrevocably consents to the principal amount of the Debenture and any accrued and unpaid interest thereon being deemed to be paid in full by the issuance of ordinary voting shares upon occurrence of a Trigger Event and the resulting Non-Viability Conversion which is required to be effected by the Bank.**

**Upon a Non-Viability Conversion:**

**(i) The Trustees shall not be required to take any further directions from holders/beneficial owners of the Debentures under the Trust Deed.**

**(ii) The Trust Deed shall impose no duties upon the Trustees whatsoever with respect to conversion of the Debentures into ordinary voting shares upon a Trigger Event.**

**(iii) Upon the occurrence of a Trigger Event, each outstanding Debenture of this Issue will be converted as set out in this Prospectus, on a full and permanent basis.**

**We advise you to read the content of the Prospectus carefully prior to investment.**

**This investment instrument is riskier than a bank deposit.**

**These Debentures are complex products and have provision for loss absorption in the form of a Non-Viability Conversion as set out in this Prospectus. This means that following the occurrence of a Trigger Event as may be determined by the Central Bank of Sri Lanka, the Bank will convert the Debentures into ordinary voting shares. An investor will be deemed paid in full the principal plus accrued and unpaid interest due on the Debentures, upon such a conversion. The number and value of ordinary voting shares to be received on a Non-Viability Conversion may be worth significantly less than the par value of the Debentures and can be variable.**

**Please refer to the Risk Factors section of the Prospectus for further details.**

**Each potential Qualified Investor in these Debentures must determine the suitability of an investment in these Debentures in light of the investors' circumstances. In particular, each potential Qualified Investor may wish to consider, either through an analysis conducted by the Qualified Investor or conducted with the assistance of any relevant financial and/or other professional advisors, whether the Qualified Investor:**

**(i) Has sufficient knowledge and experience to make a meaningful evaluation of these Debentures, the merits and the risks of investing in these Debentures and the information contained or incorporated by reference in this Prospectus;**

**(ii) Has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of the particular financial situation of the investor, an investment in these Debentures and the impact that these Debentures will have on the overall investment portfolio of the investor;**

**(iii) Has sufficient financial resources and liquidity to bear all risks of an investment in these Debentures;**

**(iv) Understands thoroughly the terms of these Debentures, including the provisions relating to the Non-Viability Conversion of these Debentures, and is familiar with the behaviour of financial markets; and**

**(v) Is able to evaluate possible scenarios involving economic conditions, interest rates and other factors that may affect the investment and the investor's ability to bear the applicable risks.**

**A potential Qualified Investor should not invest in these Debentures unless the Qualified Investor has the expertise (either through an analysis conducted by the potential Qualified Investor or conducted with its financial and/or other professional advisors) to evaluate how these Debentures will perform under changing conditions, the resulting effects on the value of these Debentures and the impact this investment will have on the potential Qualified Investor's overall investment portfolio.**

# REGISTRATION OF THE PROSPECTUS

This Prospectus is dated July 13, 2026

A copy of this Prospectus has been delivered for registration with the Department of the Registrar of Companies in Sri Lanka in accordance with the Companies Act No. 07 of 2007 (as amended) (the “Companies Act”). The following documents were attached to the copy of the Prospectus delivered to the Department of the Registrar General of Companies in Sri Lanka:

1. The written consent by the Managers, Auditors and Reporting Accountants, Lawyers, Bankers, Trustee, Rating Agency, Registrars to the Issue and the Company Secretary for the inclusion of their respective names in the Prospectus;
2. A declaration to the effect that the Managers, Auditors and Reporting Accountants, Lawyers, Bankers, Trustee, Rating Agency, Registrars to the Issue and the Company Secretary have not withdrawn their consent referred to above, prior to the delivery of the Prospectus to the Department of the Registrar of Companies in Sri Lanka;
3. A statutory declaration in terms of the Companies Act and the Listing Rules of the Colombo Stock Exchange, to the effect that each Director has read the provisions of the Companies Act and the Listing Rules of the Colombo Stock Exchange relating to the issue of a Prospectus and that those provisions have been complied with, is endorsed on this Prospectus.

## REPRESENTATION

The Debentures are issued solely on the basis of the information and representations contained in this Prospectus. No person is authorised to give any information or make any representation not contained in this Prospectus in connection with the Issue and if given or made, any such information or representation must not be relied upon as having been authorised by the Bank.

This Prospectus has not been registered with any authority outside Sri Lanka. Non-resident Qualified Investors may be affected by the laws of the jurisdiction of their residence. Such Qualified Investors are responsible for compliance with the laws relevant to the country of residence and the laws of Sri Lanka, when making an investment.

For further enquiries, please contact the Managers to the Issue:

Managers to the Issue
Commercial Bank of Ceylon PLC
Investment Banking Unit
“Commercial House”
No. 21, Sir Razik Fareed Mawatha,
P. O. Box 856,
Colombo 01,
Sri Lanka.

Tel : +94 (0) 11 2 486 848
+94 (0) 11 2 486 449
+94 (0) 11 2 486 499
Fax : +94 (0) 11 2 335 385
Email : investment_banking@combank.net

## FORWARD-LOOKING STATEMENTS

Any statements included in this Prospectus that are not statements of historical fact constitute “Forward-Looking Statements”. These can be identified by the use of forward-looking terms such as “expect”, “anticipate”, “intend”, “may”, “plan to”, “believe”, “could” and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward-Looking Statements. As such, all or any statements pertaining to expected financial position, business strategy, plans and prospects of the Bank are classified as Forward-Looking Statements. Such Forward-Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Bank operates and its ability to respond to them, the Bank’s ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, interest rate volatilities, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Bank. Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward-Looking Statements herein. Forward-Looking Statements are also based on numerous assumptions regarding the Bank’s present and future business strategies and the environment in which the Bank will operate in the future.

Given the risk and uncertainties that may cause the Bank’s actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward-Looking Statements in this Prospectus, Qualified Investors are advised not to place sole reliance on such statements.

### PRESENTATION OF CURRENCY INFORMATION AND OTHER NUMERICAL DATA

The financial statements of the Bank and currency values of economic data or industry data in a local context will be expressed in Sri Lankan Rupees. References in the Prospectus to “LKR”, “Rupees” or “Rs.” is to the lawful currency of Sri Lanka.

Certain numerical figures in the Prospectus have been subject to rounding adjustments, and accordingly numerical figures shown as totals in certain tables may not be arithmetic aggregations of the figures that precede them.

## IMPORTANT

All Qualified Investors should indicate in the Application for Debentures, their Central Depository Systems (Private) Ltd. (CDS) account number.

In the event the name, address and/or NIC number/ passport number/ company registration number of the Qualified Investor mentioned in the Application Form differs from the name, address and/or NIC number/ passport number/ company registration number as per the CDS records, the name, address and/or NIC number/ passport number/ company registration number as per the CDS records will prevail and be considered as the name, address and/ or NIC number/ passport number/ company registration number of such Qualified Investor. Therefore, Qualified Investors are advised to ensure that the name, address and/or NIC number/ passport number/ company registration number mentioned in the Application Form tallies with the name, address and/or NIC number/ passport number/ company registration number given in the CDS account as mentioned in the Application Form.

As per the directive of the Securities and Exchange Commission of Sri Lanka made under Circular No. 08/2010 dated November 22, 2010, and Circular No. 13/2010 issued by the CDS dated November 30, 2010, all Debentures are required to be directly deposited into the CDS. To facilitate compliance with this directive, all Applicants are required to indicate their CDS account number in the Application Form.

In line with this directive, THE DEBENTURES ALLOTTED TO A QUALIFIED INVESTOR WILL BE DIRECTLY DEPOSITED IN THE CDS ACCOUNT OF SUCH QUALIFIED INVESTOR, the details of which are indicated in his/ her/its Application Form. If the CDS account number indicated in the Application Form is found to be inaccurate/ incorrect or there is no CDS number indicated, the Application will be rejected, and no allotments will be made.

The Bank/ CDS/ Trading Participant of the CSE may require a Qualified Investor to provide such documentation as is reasonably necessary to satisfy itself that the investor is a Qualified Investor.

## PLEASE NOTE THAT DEBENTURE CERTIFICATES WILL NOT BE ISSUED

Qualified Investors who wish to open a CDS account, may do so through a Trading Participant of the CSE as set out in Annexure B or through any Custodian Bank as set out in Annexure C of this Prospectus.

# OFFER AT A GLANCE

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| Issuer | : | Commercial Bank of Ceylon PLC |
| Instrument | : | Basel III compliant – Tier 2 Listed Rated Unsecured Subordinated Redeemable Debentures with a Non-Viability Conversion feature |
| Number of Debentures to be Issued | : | An initial issue of One Hundred Million (100,000,000) Basel III compliant – Tier 2 Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion feature, with an option to issue up to a further Fifty Million (50,000,000) of the said Debentures (at the discretion of the Bank), in the event of an oversubscription of the initial issue of 100,000,000 Debentures issued, and with a further option to issue up to a further Fifty Million (50,000,000) of the said Debentures (at the discretion of the Bank), in the event of an oversubscription of the initial issue of 100,000,000 Debentures and the second tranche of 50,000,000 Debentures. |
| Total Value of the Issue | : | Sri Lankan Rupees Ten Billion (LKR 10,000,000,000/-) with an option to raise up to a further Sri Lankan Rupees Five Billion (LKR 5,000,000,000/-) at the discretion of the Bank in the event of an oversubscription of the initial issue and with a further option to raise up to a further Sri Lankan Rupees Five Billion (LKR 5,000,000,000/-) at the discretion of the Bank in the event of an oversubscription of the initial issue and the second tranche. |
| Issue Rating | : | A (lka) by Fitch Ratings Lanka Limited |
| Issuer Rating | : | AA- (lka)/ Stable by Fitch Ratings Lanka Limited |
| Par/ Issue Value of a Debenture | : | LKR 100/- (Sri Lankan Rupees One Hundred) |
| Tenure | : | Type A – 5 years<br>Type B – 5 years<br>Type C – 7 years<br>Type D – 7 years<br>Type E – 10 years<br>Type F – 10 years |
| Interest Rate | : | Type A<br>Fixed interest rate of Twelve Decimal Six One per centum (12.61%) p.a. (AER 13.00%) payable semi-annually<br><br>Type B<br>Fixed interest rate of Thirteen per centum (13.00%) p.a. (AER 13.00%) payable annually<br><br>Type C<br>Fixed interest rate of Twelve Decimal Eight Four per centum (12.84%) p.a. (AER 13.25%) payable semi-annually<br><br>Type D<br>Fixed interest rate of Thirteen Decimal Two Five per centum (13.25%) p.a. (AER 13.25%) payable annually<br><br>Type E<br>Fixed interest rate of Twelve Decimal Eight Four per centum (12.84%) p.a. (AER 13.25%) payable semi-annually<br><br>Type F<br>Fixed interest rate of Thirteen Decimal Two Five per centum (13.25%) p.a. (AER 13.25%) payable annually |

## OFFER AT A GLANCE

| | | |
|---|---|---|
| Issue Opening Date | : | July 16, 2026<br>(However, Applications may be submitted forthwith) |
| Issue Closing Date | : | August 05, 2026<br>Subject to the provisions contained below, the subscription list for the Debentures pursuant to this Prospectus will open at 9.30 a.m. on July 16, 2026 and shall remain open for 14 Market Days computed from and including the date of opening until closure at 4.30 p.m. on August 05, 2026.<br>However, the subscription list will be closed on an earlier date at 4.30 p.m. with notification to CSE on the occurrence of any of the following events:<br>– The maximum of 200,000,000 Debentures being fully subscribed; or<br>– The Board of Directors of the Bank deciding to close the Issue upon the initial issue of 100,000,000 Debentures becoming fully subscribed; or<br>– The Board of Directors of the Bank deciding to close the Issue upon the initial issue of 100,000,000 Debentures and the second tranche of 50,000,000 Debentures becoming fully subscribed.<br>In the event the Board of Directors of the Bank decides to exercise the option to further issue up to 50,000,000 Debentures (on the initial issue of 100,000,000 Debentures being fully subscribed) but subsequently decides to close the subscription list upon part of the second tranche of 50,000,000 Debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed at 4.30 p.m. on the following Market Day.<br>In the event the Board of Directors of the Bank decides to exercise the option to further issue up to 50,000,000 Debentures (on the initial issue of 100,000,000 Debentures and the second tranche of 50,000,000 Debentures being fully subscribed) but subsequently decides to close the subscription list upon part of the third tranche of 50,000,000 Debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed at 4.30 p.m. on the following Market Day.<br>In the event the Board of Directors of the Bank decides to close the Debenture Issue without full subscription of the initial 100,000,000 Debentures, such decision is to be notified to the CSE on the day such decision is made, and the subscription list will be closed at 4.30 p.m. on the following Market Day (refer Section 5.2 of this Prospectus). |
| Minimum Subscription | : | The minimum subscription for Qualified Investors per Application is Rupees Ten Thousand (LKR 10,000/-) or One Hundred (100) Debentures, other than in the case of individual Qualified Investors.<br>The minimum subscription requirement applicable for an individual Qualified Investor applying for Basel III Compliant Debt Securities shall be Rupees Five Million (LKR 5,000,000/-). Please refer the definition of individual Qualified Investors in subsection (k) under the Qualified Investors definition in section 2.0: Definitions Related to the Issue.<br>Applications in excess of the minimum subscription shall be in multiples of Rupees Ten Thousand (LKR 10,000/-) or One Hundred (100) Debentures. |
| Interest Payment Dates | : | **Type A, C and E Debentures**<br>At the expiry of Six (6) months from the Date of Allotment and every Six (6) months thereafter in each year from the Date of Allotment up to the Date of Redemption and includes the Date of Redemption. First interest payment date will be Six (6) months from the Date of Allotment.<br>**Type B, D and F Debentures**<br>At the expiry of Twelve (12) months from the Date of Allotment and every Twelve (12) months thereafter in each year from the Date of Allotment up to the Date of Redemption and includes the Date of Redemption. First interest payment date will be Twelve (12) months from the Date of Allotment.<br>Interest would be paid not later than Three (3) Working Days of the date on which interest becomes due.<br>The final interest payment will be paid together with the Principal sum within Three (3) Working Days from the Date of Redemption. |

## OFFER AT A GLANCE

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| Method of Payment of Principal Sum and Interest | : | By an electronic fund transfer mechanism recognised by the banking system of Sri Lanka such as SLIPS and RTGS or by a cheque marked "Account Payee Only". Payments will be made via electronic fund transfer mechanisms in the event accurate bank account details are provided to the CDS by the Qualified Investor. In the event that accurate bank details have not been provided, payments will be made via a crossed cheque marked "Account Payee Only," dispatched under registered cover to the address provided by the Qualified Investor to the CDS, at the sole risk of the investor. RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers (i.e. LKR 5,000,000/- as of the date of this Prospectus). |
| Maturity/ Redemption Date | | On completion of Five (5) years for Type A and B Debentures, on completion of Seven (7) years for Type C and D Debentures and on completion of Ten (10) years for Type E and F Debentures from the Date of Allotment. |
| Basis of Allotment | : | In the event of oversubscription, the basis of allotment will be decided by the Board of Directors of the Bank in a fair and equitable manner and will be announced to the CSE.<br><br>The authorised personnel appointed by the Board, however, reserve the right to allocate up to 75% of the Issue value on a preferential basis, to identified Qualified Investors of strategic importance to the Bank.<br><br>Number of Debentures to be allotted to identified Qualified Investors of strategic importance, on a preferential basis will not exceed 75% of the total number of Debentures to be issued under this Prospectus under any circumstances, unless there is an under subscription from other investors (investors that do not fall under preferential category). In the event of such undersubscription, the other investor category will be allotted in full, and any remaining Debentures will be allotted to identified Qualified Investors of strategic importance to the Bank.<br><br>Further, the Bank will allot the remaining number of Debentures (excluding the preferential allotment of 75%), in a fair and equitable manner among other investors. |
| Listing | : | The Debentures will be listed on the Colombo Stock Exchange. |
| Non-Viability Conversion | : | In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Central Bank of Sri Lanka, there would be a conversion of Debentures to ordinary voting shares by the Bank without any requirement of approval by the Debenture Holders, in compliance with Basel III requirements.<br><br>Upon the occurrence of a Trigger Event, the outstanding balance of the Debentures including the total par value of the Debentures and Debenture Interest accrued and unpaid as at that date will be permanently converted to ordinary voting shares at the Conversion Price. In the event of any Debenture Holder being entitled to a fractional allotment of an ordinary voting share on such issuance and allotment, the Bank shall settle such sums in cash, based on the Conversion Price of such share. |
| Conversion Price | : | The price based on the simple average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting share of the Bank during the Three (03) months period, immediately preceding the date of the Trigger Event. |
| Volume Weighted Average Price (VWAP) | : | The daily Volume Weighted Average Price (VWAP) of an ordinary voting share as published by the Colombo Stock Exchange. |
| Trigger Event | : | A "Trigger Event" is determined by and at the sole discretion of the Central Bank of Sri Lanka (i.e. conversion of the said Debentures upon occurrence of the Trigger Event will be effected by the Bank solely upon being instructed by the Central Bank of Sri Lanka), and is defined in the Banking Act Directions No. 01 of 2016 of Web Based Return Code 20.2.3.1.1.1 (10) (iii) (a and b) as a point/ event being the earlier of:<br>(a) "A decision that a write-down, without which the Bank would become non-viable, is necessary, as determined by the Central Bank of Sri Lanka.<br>(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 Central Bank of Sri Lanka". |

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# 1.0 GLOSSARY OF ABBREVIATIONS

| | | |
|---|---|---|
| AER | : | Annual Effective Rate |
| AWPLR | : | Average Weighted Prime Lending Rate |
| Bn | : | Billion |
| CAR | : | Capital Adequacy Ratio |
| CBC/ the Bank/ the Company/ the Issuer | : | Commercial Bank of Ceylon PLC |
| CBSL | : | Central Bank of Sri Lanka |
| CDS | : | Central Depository Systems (Private) Limited |
| CCB | : | Capital Conservation Buffer |
| CEFTS | : | Common Electronic Fund Transfer Switch |
| CSE | : | Colombo Stock Exchange |
| D-SIB | : | Domestic Systemically Important Bank |
| IIA | : | Inward Investment Account |
| Mn | : | Million |
| NIC | : | National Identity Card |
| Rs./ LKR | : | Sri Lankan Rupees |
| RTGS | : | Real Time Gross Settlement |
| SEC | : | Securities and Exchange Commission of Sri Lanka |
| SLIPS | : | Sri Lanka Interbank Payment System |

## 2.0 DEFINITIONS RELATED TO THE ISSUE

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|---|---|---|
| Applicant/s | : | Any person/entity who submits an Application Form under this Prospectus. |
| Application Form/ Application | : | The Application Form that constitutes part of this Prospectus through which an Applicant may apply for Debentures. |
| Basel III | : | A Global Regulatory Framework for More Resilient Banks and Banking System, issued by the Basel Committee on Banking Supervision of the Bank for International Settlements in December 2010 (Revised in June 2011). |
| Basel III Compliant Debentures | : | Debt Securities issued by commercial banks and specialized banks licensed by the Central Bank of Sri Lanka in compliance with Direction No. 01 of 2016 of the Central Bank of Sri Lanka dated December 29, 2016. |
| Conversion Price | : | The price based on the simple average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting share during the Three (03) months period, immediately preceding the date of the Trigger Event. |
| Date of Allotment | : | The date on which the Debentures will be allotted by the Bank to the Applicants subscribing thereto. |
| Date of Maturity | : | On completion of Five (5) years for Type A and B Debentures, on completion of Seven (7) years for Type C and D Debentures and on completion of Ten (10) years for Type E and F Debentures from the Date of Allotment. |
| Date of Redemption | : | The date on which redemption of Debentures will take place as referred to in Section 5.8 of this Prospectus. |
| Debenture Holder | : | Any Qualified Investor who is for the time being the holder of the Debentures and includes his/her respective successors in title, executors, and administrators, as the case may be. |
| Debentures | : | Basel III compliant – Tier 2 Listed Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion feature, to be issued pursuant to this Prospectus as more fully described in Section 5.4 of the Prospectus. |
| Due Date of Interest | : | The dates on which the interest payments shall fall due in respect of the Debentures. |
| Entitlement Date | : | The Market Day immediately preceding the respective Interest Payment Date or Date of Redemption, in the event a Trigger Event does not occur. |
| Final Interest Period | : | The period commencing from the date immediately succeeding the interest payment date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (Inclusive of the aforementioned commencement date and end date).<br><br>Final interest payment date will be Five (5) years for Type A and B Debentures, Seven (7) years for Type C and D Debentures and Ten (10) years for Type E and F Debentures from the Date of Allotment. |
| First Interest Period | : | The period commencing from the Date of Allotment and ending on the First Interest Payment Date (inclusive of the aforementioned commencement date and the end date).<br><br>**Type A, C & E Debentures**<br>First Interest Payment Date will be at the expiry of Six (6) months from the Date of Allotment.<br><br>**Type B, D & F Debentures**<br>First Interest Payment Date will be at the expiry of Twelve (12) months from the Date of Allotment. |
| Interest Payment Date/s | : | **Type A, C & E Debentures**<br>At the expiry of Six (6) months from the Date of Allotment and every Six (6) months thereafter in each year from the Date of Allotment up to the Date of Redemption and includes the Date of Redemption. First interest payment date will be Six (6) months from the Date of Allotment.<br><br>**Type B, D & F Debentures**<br>At the expiry of Twelve (12) months from the Date of Allotment and every<br><br>Twelve (12) months thereafter in each year from the Date of Allotment up to the Date of Redemption and includes the Date of Redemption. First interest payment date will be Twelve (12) months from the Date of Allotment.<br><br>Interest will be paid not later than Three (3) Working Days from the date on which interest becomes due. |

## 2.0 DEFINITIONS RELATED TO THE ISSUE

| | | |
|---|---|---|
| Interest Period | : | **Type A, C & E Debentures**<br>The Six (6) month period commencing from the date immediately succeeding a particular Interest Payment Date, and ending on the next Interest Payment Date (inclusive of the aforementioned commencement date and end date) and shall include the period commencing from the Date of Allotment and ending on the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from the date immediately succeeding the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date).<br><br>**Type B, D & F Debentures**<br>The Twelve (12) month period commencing from the date immediately succeeding a particular Interest Payment Date, and ending on the next Interest Payment Date (inclusive of the aforementioned commencement date and end date) and shall include the period commencing from the Date of Allotment and ending on the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from the date immediately succeeding the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date). |
| Issue/ Debenture Issue | : | The offer of Debentures pursuant to this Prospectus. |
| Issue Closing Date | : | Subject to the provisions contained below, the subscription list for the Debentures pursuant to this Prospectus will open at 9.30 a.m. on July 16, 2026 and shall remain open for 14 Market Days computed from and including the date of opening until closure at 4.30 p.m. on August 05, 2026<br><br>The subscription list will be closed on an earlier date with notification to the CSE on the occurrence of any of the following events:<br><br>– The maximum of 200,000,000 Debentures being fully subscribed; or<br><br>– The Board of Directors of the Bank deciding to close the Issue upon the initial issue of 100,000,000 Debentures becoming fully subscribed; or<br><br>– The Board of Directors of the Bank deciding to close the Issue upon the initial issue of 100,000,000 Debentures and the second tranche of 50,000,000 Debentures becoming fully subscribed.<br><br>In the event the Board of Directors of the Bank decides to exercise the option to further issue up to 50,000,000 Debentures (on the initial issue of 100,000,000 Debentures being fully subscribed) but subsequently decides to close the subscription list upon part of the second tranche of 50,000,000 Debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed at 4.30 p.m. on the following Market Day.<br><br>In the event the Board of Directors of the Bank decides to exercise the option to further issue up to 50,000,000 Debentures (on the initial issue of 100,000,000 Debentures and the second tranche of 50,000,000 Debentures being fully subscribed) but subsequently decides to close the subscription list upon part of the third tranche of 50,000,000 Debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed at 4.30 p.m. on the following Market Day.<br><br>In the event the Board of Directors of the Bank decides to close the Debenture Issue without full subscription of the initial 100,000,000 Debentures, such decision is to be notified to the CSE on the day such decision is made, and the subscription list will be closed at 4.30 p.m. on the following Market Day (refer Section 5.2 of this Prospectus). |
| Issue Opening Date | : | July 16, 2026<br>(However, Applications may be submitted forthwith) |
| Issue Price/ Par Value | : | LKR 100/- per Debenture. |
| Market Day | : | Any day on which the CSE is open for trading. |
| Non-Resident/s | : | Any person resident outside Sri Lanka, country funds, regional funds, investment funds and mutual funds established outside Sri Lanka and shall include a non-resident institutional investor. |

## 2.0 DEFINITIONS RELATED TO THE ISSUE

| | | |
|---|---|---|
| Non-Viability Conversion | : | In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Central Bank of Sri Lanka (CBSL), there would be a conversion of Debentures to ordinary voting shares by the Bank without any requirement of approval by the Debenture Holders, in compliance with Basel III requirements.<br><br>Upon the occurrence of a Trigger Event, the outstanding balance of the Debentures including the total par value of the Debentures and Debenture Interest accrued and unpaid as at that date will be permanently converted to ordinary voting shares at the Conversion Price. In the event of any Debenture Holder being entitled to a fractional allotment of an ordinary voting share on such issuance and allotment, the Bank shall settle such sums in cash, based on the Conversion Price of such share. |
| Prospectus | : | This Prospectus dated July 13, 2026 issued by Commercial Bank of Ceylon PLC. |
| Qualified Investors | : | As per the CSE Listing Rules Section 2.2.1 q (which is to be read together with the Definition Section of the CSE Listing Rules) the Qualified Investors shall include;<br><br>(a) A commercial bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act No. 30 of 1988 (as amended).<br><br>(b) A specialized bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act No. 30 of 1988 (as amended).<br><br>(c) A mutual fund, pension fund, Employees Provident Fund or any other similar pooled fund.<br><br>(d) A venture capital fund / company and private equity company.<br><br>(e) A finance company licensed by the Central Bank of Sri Lanka in terms of the Finance Business Act No. 42 of 2011 (as amended).<br><br>(f) A company licensed by the Central Bank of Sri Lanka to carry on finance leasing business under the Finance Leasing Act No. 56 of 2000 (as amended).<br><br>(g) A company licensed by the Insurance Board of Sri Lanka to carry on insurance business in terms of the Regulation of Insurance Industry Act No. 43 of 2000 (as amended).<br><br>(h) A corporate (listed or unlisted) which does not fall under the above categories and is incorporated under the Companies Act No. 7 of 2007.<br><br>(i) An investment trust or investment company.<br><br>(j) A non-resident institutional investor.<br><br>(k) An individual with an initial investment of Rs. 5,000,000. |

## 2.0 DEFINITIONS RELATED TO THE ISSUE

| | | |
|---|---|---|
| Redemption | | Repayment of the principal amount due on these Debentures (Refer section 5.8). |
| Subordinated | : | The claims of the Debenture Holders shall, in the event of the winding up of the Bank, rank after all the claims of depositors and holders of senior debt and claims of secured and other unsecured creditors of the Bank and any preferential claims under any statutes governing the Bank but shall rank *pari passu* with other BASEL III Subordinated Debenture Holders/ Green Bondholders in priority to and over the claims and rights of the Shareholder/s of the Bank unless there has been an issuance of shares to the Debenture Holders upon the occurrence of a Trigger Event in which event a Debenture holder would cease to be a Debenture holder and become a shareholder of the Bank to the extent of such issuance. |
| Tier 2 | : | Tier 2 Capital includes qualifying Tier 2 capital instruments, revaluation gains approved by CBSL and 100% of the Stage 1 and 50% of the Stage 2 impairment provisions subject to a maximum of 1.25% of the on-balance sheet credit risk exposure of the Bank. |
| Trigger Event | : | A "Trigger Event" is determined by and at the sole discretion of the Central Bank of Sri Lanka and is defined in the Banking Act Directions No. 01 of 2016 of Web Based Return Code 20.2.3.1.1.1.(10) (iii) (a and b) as a point / event being the earlier of:<br>(a) "A decision that a write-down, without which the Bank would become non-viable, is necessary, as determined by the Central Bank of Sri Lanka.<br>(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 Central Bank of Sri Lanka". |
| Trust Deed | : | Trust Deed executed between the Bank and Bank of Ceylon on June 30, 2026. |
| Trustee | : | Bank of Ceylon |
| Unsecured | : | Repayment of the principal sum and payment of interest on the Debentures are not secured by a charge on any assets of the Bank. |
| Volume Weighted Average Price (VWAP) | : | The daily Volume Weighted Average Price (VWAP) of an ordinary voting share as published by the Colombo Stock Exchange. |
| Working Day | : | Any day (other than a Saturday or a Sunday or any statutory holiday) on which the banks are open for business in Sri Lanka. |

## 3.0 CORPORATE INFORMATION

| | | |
|---|---|---|
| Issuer | : | Commercial Bank of Ceylon PLC |
| Legal Status | : | A public limited liability company incorporated in Sri Lanka on June 25, 1969 under the Companies Ordinance No. 51 of 1938 and quoted on the Colombo Stock Exchange in 1970. The Company was re-registered on January 23, 2008 under the Companies Act No. 07 of 2007 (as amended). A Licensed Commercial Bank under the Banking Act No. 30 of 1988 (as amended). |
| Company Registration No. | : | PQ 116 |
| Place of Incorporation | : | Colombo, Sri Lanka. |
| Registered Office | : | Commercial Bank of Ceylon PLC<br>“Commercial House”<br>No. 21, Sir Razik Fareed Mawatha, P.O. Box 856, Colombo 01, Sri Lanka.<br>Tel : +94 (0) 11 2 486 000 – 3<br>+94 (0) 11 4 486 000<br>+94 (0) 11 7 486 000<br>+94 (0) 11 5 486 000<br>Fax : +94 (0) 11 2 449 889 |
| Company Secretary | : | Mr. R. A. P. Rajapaksha<br>Commercial Bank of Ceylon PLC<br>“Commercial House”<br>No. 21, Sir Razik Fareed Mawatha, P.O. Box 856, Colombo 01, Sri Lanka<br>Tel : +94 (0) 11 2 486 070 |
| Board of Directors | : | Mr. S. Muhseen – Chairman<br>Independent/ Non-Executive Director<br><br>Mr. R. Senanayake – Deputy Chairman<br>Independent/ Non-Executive Director<br><br>Mr. S. C. U. Manatunge – Managing Director/ Chief Executive Officer<br>Non-Independent/ Executive Director<br><br>Ms. J. Lee<br>Independent/ Non-Executive Director<br><br>Ms. D. L. T. S. Wijewardena<br>Independent/ Non-Executive Director<br><br>Dr. S. Selliah<br>Independent/ Non-Executive Director<br><br>Mr. D. N. L. Fernando<br>Independent/ Non-Executive Director<br><br>Mr. P. M. Kumarasinghe<br>Independent/ Non-Executive Director<br><br>Mr. P. Y. S. Perera<br>Independent/ Non-Executive Director<br><br>Ms. R. M. A. S. Parakrama<br>Independent/ Non-Executive Director<br><br>Mr. L. H. Munasinghe – Executive Director/ Chief Operating Officer<br>Non-Independent/ Executive Director |

## 4.0 RELEVANT PARTIES TO THE ISSUE

| | | |
|---|---|---|
| Managers to the Issue | : | Commercial Bank of Ceylon PLC<br>Investment Banking Unit<br>“Commercial House”<br>No. 21, Sir Razik Fareed Mawatha,<br>P. O. Box 856,<br>Colombo 01, Sri Lanka.<br>Tel : +94 (0) 11 2 486 848<br>+94 (0) 11 2 486 449<br>+94 (0) 11 2 486 499<br>Fax : +94 (0) 11 2 335 385 |
| Registrars to the Issue | : | SSP Corporate Services (Private) Limited<br>No. 101, Inner Flower Road,<br>Colombo 03, Sri Lanka.<br>Tel : +94 (0) 11 2 573 894<br>Fax : +94 (0) 11 2 573 609 |
| Lawyers to the Issue | : | M/s Nithya Partners<br>No. 97A, Galle Road,<br>Colombo 3, Sri Lanka.<br>Tel : +94 (0) 114 712 625<br>+94 (0) 112 335 908<br>Fax : +94 (0) 112 328 817 |
| Bankers to the Issue | : | Commercial Bank of Ceylon PLC<br>Investment Banking Unit<br>“Commercial House”<br>No. 21, Sir Razik Fareed Mawatha,<br>P.O. Box 856,<br>Colombo 01, Sri Lanka.<br>Tel : +94 (0) 11 2 486 848<br>Fax : +94 (0)11 2 486 495 |
| Rating Agency to the Issue | : | Fitch Ratings Lanka Limited<br>No. 15-2, East Tower<br>World Trade Centre<br>Colombo 01,<br>Sri Lanka.<br>Tel : +94 (0) 11 2 541 900 |
| Trustees to the Issue | : | Bank of Ceylon<br>11th Floor, Head Office<br>BOC Square,<br>No. 1, Bank of Ceylon Mawatha,<br>Colombo 01, Sri Lanka<br>Tel : +94 (0) 11 2 448 348<br>+94 (0) 11 2 394 311<br>Fax : +94 (0) 11 2 346 842 |
| Auditors and Reporting Accountants | : | KPMG<br>Chartered Accountants,<br>No. 32A, Sir Mohamed Macan Markar Mawatha,<br>P.O. Box 186,<br>Colombo 03, Sri Lanka<br>Tel : +94 (0) 11 5 426 426<br>Fax : +94 (0) 11 2 445 872 |

# 5.0 PRINCIPAL FEATURES OF THE ISSUE

## 5.1 INVITATION TO SUBSCRIBE

The Board of Directors of Commercial Bank of Ceylon PLC (“the Board”) by the resolution passed at a meeting held on January 30, 2026 resolved to raise a sum of Rupees Ten Billion (LKR 10,000,000,000/-) from Qualified Investors by an initial issue of One Hundred Million (100,000,000) Debentures, each with a par value of Rupees One Hundred (LKR 100/-) with the option to raise a further sum of Rupees Five Billion (LKR 5,000,000,000/-) by issuing a further Fifty Million (50,000,000) Debentures, in the event of an oversubscription of the initial issue and with a further option to raise a further sum of Rupees Five Billion (LKR 5,000,000,000/-) by issuing a further Fifty Million (50,000,000) Debentures, in the event of an oversubscription of the initial issue and the second tranche.

As such, a maximum amount of Rupees Twenty Billion (LKR 20,000,000,000/-) will be raised by issuing a maximum of Two Hundred Million (200,000,000) Debentures each with the Par Value of Rupees One Hundred (LKR 100/-).

The Bank hereby invites Qualified Investors to make Applications for the Debentures (Types A, B, C, D, E and F) which shall rank equal and *pari passu* with each other, apart from interest rate, interest period and tenure without any preference or priority of any one over the others (Please refer Sections 5.4 and 5.5 for further details regarding the Debentures).

The rights of the Debenture Holders with respect to payment of the principal sum and accrued interest due thereon shall, in the event of the winding up of the Bank rank after all the claims of depositors and holders of senior debt and claims of secured and other unsecured creditors of the Bank and any preferential claims under any statutes governing the Bank but shall rank *pari passu* with other Basel III Compliant subordinated Debenture Holders/ Basel III Compliant Green Bond holders and in priority to and over the claims and rights of the ordinary and preference Shareholders of the Bank, regardless of whether these shares are listed or unlisted. However, in the event of an issuance of ordinary voting shares of the Bank to the Debenture Holders upon the occurrence of a Trigger Event, a Debenture Holder would cease to be a Debenture Holder and would become an ordinary voting shareholder of the Bank, to the extent of such issuance, and will rank equal and *pari passu* with existing ordinary voting shareholders of the Bank.

It is the intention of the Bank to list the Debentures on the CSE. The CSE has given its “in principle” approval for the listing of the Debentures and any ordinary voting shares which would be issued upon the occurrence of a Trigger Event on the CSE. However, the CSE reserves the right to withdraw such approval, in the circumstances set out in Rule 2.3 of the Listing Rules of the CSE.

As per CSE Listing Rules Section 2.2.1 (q) (which is to be read together with the Definition Section of the CSE Listing Rules), only Qualified Investors would be eligible to invest in these Debentures. Further, as per CSE Listing Rules Section 3.3.5 (ii) (a) (ii), the secondary trading in these Debentures shall also be limited to Qualified Investors. Accordingly, the primary and secondary market investments of these Debentures are limited to the Qualified Investors.

## 5.2 SUBSCRIPTION LIST

Subject to the provisions contained below, the subscription list for the Debentures pursuant to this Prospectus will open at 9.30 a.m. on July 16, 2026 and shall remain open for 14 Market Days (computed from and including the Issue Opening Date) until closure at 4.30 p.m. on August 05, 2026.

The subscription list will be closed prior to August 05, 2026 at 4.30 p.m. with notification to the CSE on the occurrence of the following:

(a) The maximum of 200,000,000 Debentures being fully subscribed; or

(b) The Board of Directors of the Bank deciding to close the Issue upon the initial issue of 100,000,000 Debentures becoming fully subscribed; or

(c) The Board of Directors of the Bank deciding to close the Issue upon the initial issue of 100,000,000 Debentures and the second tranche of 50,000,000 Debentures becoming fully subscribed.

In the event the Board of Directors of the Bank decides to exercise the option to further issue up to 50,000,000 Debentures (on the initial issue of 100,000,000 Debentures being fully subscribed) but subsequently decides to close the subscription list upon part of the second tranche of 50,000,000 Debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed at 4.30 p.m. on the following Market Day.

In the event the Board of Directors of the Bank decides to exercise the option to further issue up to 50,000,000 Debentures (on the initial issue of 100,000,000 Debentures and the second tranche of 50,000,000 Debentures being fully subscribed) but subsequently decides to close the subscription list upon part of the third tranche of 50,000,000 Debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed at 4.30 p.m. on the following Market Day.

In the event the Board of Directors of the Bank decides to close the Debenture Issue without full subscription of the initial 100,000,000 Debentures, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed at 4.30 p.m. on the following Market Day.

## 5.3 OBJECTIVES OF THE ISSUE

(a) Subordinated funds raised through the Debenture Issue in compliance with requirements under Basel III, are expected to further improve the Capital Adequacy Ratio of the Bank by increasing its Tier 2 Capital base.

**Capital Adequacy Ratio (CAR) of the Bank and effect of the proposed Debenture Issue on the CAR**

| | | |
|---|---|---|
| Current CAR position of the Bank as at March 31, 2026 (as per the unaudited financial statements) | | 16.851% |
| **Minimum CAR requirement to be maintained as at December 31, 2025, as per the Banking Act Direction No. 01 of 2016** | | **14.000%** |
| Expected CAR position, subsequent to the Basel III compliant Debenture Issue | As at March 31, 2026 with Rs. 10 Bn. | 17.241% |
| | As at March 31, 2026 with Rs. 15 Bn. | 17.435% |
| | As at March 31, 2026 with Rs. 20 Bn. | 17.628% |

The minimum Capital Adequacy requirements under Basel III are as follows:

| **Components of Capital** | **Banking Act Directions No. 01 of 2016** |
|---|---|
| Common Equity Tier 1 Capital with Buffers (CCB & Surcharge on D-SIB) | 8.500% |
| Total Tier 1 Capital with Buffers (CCB & Surcharge on D-SIB) | 10.000% |
| Total Capital Ratio (Tier 1 + Tier 2) with Buffers (CCB & Surcharge on D-SIB) | 14.000% |

(b) Since the Debentures proposed to be issued are of a medium to long term nature, being of tenures of 5, 7 and 10 years, the raising of funds through Debentures can be expected to reduce the maturity mismatches between medium to long term loans which are funded by short-term liabilities.

## 5.0 PRINCIPAL FEATURES OF THE ISSUE

(c) The Bank intends to lend the proceeds of the Debenture Issue and thereby expand the Bank's loan book in the ordinary course of business over a period of Twelve (12) months, such period commencing from the Date of Allotment of the Debentures, as the Bank has budgeted an ambitious growth in advances. Until full disbursement of the Debenture proceeds, the funds raised through the Debenture Issue will be invested in Treasury Bills. Such investments in Treasury Bills are expected to generate an average return of 9.50% – 10.50% p.a. at current market rates.

The Bank will disclose the progress of the utilisation of funds raised through this Debenture Issue in future interim and annual financial statements, in the format presented below, until these funds are fully utilised for the objectives stated in the Prospectus. If due to some unforeseen reason, these funds are not utilised as proposed, the Bank will seek relevant approvals (as applicable) regarding the course of action to be taken, upon following the required procedure in accordance with the CSE Listing Rules. In such an instance the Bank will make a prior market announcement through the CSE in this regard.

| **Objective number** | **Objective as per Prospectus** | **Amount allocated as per Prospectus in LKR** | **Proposed date of utilisation as per Prospectus** | **Amount allocated from proceeds in LKR (A)** | **Percentage of total proceeds** | **Amounts utilised in LKR (B)** | **Percentage of utilisation against allocation (B/ A)** | **Clarification if not fully utilised including where the funds are invested (e.g.: whether lent to related party/ s etc.)** |
|---|---|---|---|---|---|---|---|---|
| 1 | Improve the Tier 2 capital base thus, increasing the Capital Adequacy Ratio (CAR) | 20.0 Bn. | Subsequent to the allotment of Debentures | | | To be disclosed in the Annual Report and the Interim Financial Statements | | |
| 2 | Reduce Maturity gaps in the Assets and Liabilities of the Bank | | Subsequent to the allotment of Debentures | | | | | |
| 3 | Expand the lending portfolio | | Within 12 months from date of receipt of cash flows | | | | | |

In the event the proceeds raised are fully utilised in terms of the objectives disclosed in the Prospectus prior to submission of the Bank's next immediate financial statements (i.e. either interim financial statements or annual report), the Bank is required to disclose the fact that proceeds have been utilised in its entirety as per the above template in the immediate succeeding Annual Report or the Interim Financial Statements, whichever is published first.

If amounts differ due to under subscription, the Bank may reflect changes as warranted.

The Bank has utilised the proceeds of all previous Debenture Issues towards achieving the objectives of the respective Issues.

## 5.0 PRINCIPAL FEATURES OF THE ISSUE

No shareholder approval will be required for financing the expansion of the lending portfolio and/ or the investment in Treasury Bills as described below in “Risks related to achieving the objectives of the Issue”. The funds will not be used for Related Party Transactions. However, in the event the Bank lends funds raised through the Debenture Issue to related parties, such transactions will be carried out in accordance with Section 9 of the CSE Listing Rules.

As per the CSE Listing Rules Section 2.2.1 (p), the Bank has obtained shareholder approval on March 31, 2026 by way of a special resolution, for the issuance of the Debentures.

Furthermore, allotment and issue of new Ordinary Voting Shares by the Bank to the Debenture holders in the case of a Trigger Event which warrants such a conversion of Debentures to Ordinary Voting Shares has been approved by:

(i) the ordinary voting shareholders by way of an ordinary resolution pursuant to Article 9 A of the Articles of Association of the Bank; and

(ii) the ordinary voting shareholders and ordinary non-voting shareholders by way of a special resolution pursuant to Article 10 of the Articles of Association of the Bank.

The inclusion of the Debentures as Tier 2 capital is subject to the approval of the CBSL. The Bank has submitted its formal request and is currently awaiting regulatory clearance. The pending status of this approval does not impact the progression or completion of the Debenture issuance. Upon receipt of the CBSL’s formal approval, the Bank will recognize the proceeds under Tier 2 capital.

The proposed issue does not constitute a major transaction for the Bank as defined in Section 185 of the Companies Act No. 07 of 2007 (as amended).

### RISKS RELATED TO ACHIEVING THE OBJECTIVES OF THE ISSUE

The funds raised through the Debenture Issue will be utilised to finance the growth in the lending book of the Bank. In case the funds raised through the Debenture Issue are not utilised to meet the above stated objectives, due to any unforeseen change in the business environment, the Bank will continue to hold the funds in Treasury Bills as the case may be, upon following the required procedure in accordance with the CSE Listing Rules.

The Bank has a pool of funds to finance loan disbursements, mainly raised through deposits, which stood at Rs. 2,773 Bn. (unaudited) as at the end of March 31, 2026. Therefore, given the quantum of the deposit portfolio, the dependency on the debenture proceeds to grow the lending portfolio of the bank is relatively marginal.

Total gross loans and advances for the period ended March 31, 2026 was Rs. 2,095 Bn. (unaudited). The Bank has recorded an increase in gross loans and advances by Rs. 67 Bn. during the three (03) months ended March 31, 2026. The Bank’s average monthly disbursements for the quarter ended March 31, 2026 stood at Rs. 215 Bn. (unaudited) whereas for the quarter ended March 2025 it was Rs. 176 Bn. Therefore, it is unlikely that the Bank would not be able to lend the Debenture proceeds within a period of twelve (12) months.

## 5.4 DEBENTURE TYPES

**TYPE A**

Fixed interest rate of Twelve Decimal Six One per centum (12.61%) p.a. (AER 13.00%) payable semi-annually from the Date of Allotment until the expiry of Five (5) years from the Date of Allotment on the principal sum of Debentures.

The tenure of the Debentures will be Five (5) years.

**TYPE B**

Fixed interest rate of Thirteen per centum (13.00%) p.a. (AER 13.00%) payable annually from the Date of Allotment until the expiry of Five (5) years from the Date of Allotment on the principal sum of Debentures.

The tenure of the Debentures will be Five (5) years.

**TYPE C**

Fixed interest rate of Twelve Decimal Eight Four per centum (12.84 %) p.a. (AER 13.25 %) payable semi-annually from the Date of Allotment until the expiry of Seven (7) years from the Date of Allotment on the principal sum of Debentures.

The tenure of the Debentures will be Seven (7) years.

**TYPE D**

Fixed interest rate of Thirteen Decimal Two Five per centum (13.25 %) p.a. (AER 13.25%) payable annually from the Date of Allotment until the expiry of Seven (7) years from the Date of Allotment on the principal sum of Debentures.

The tenure of the Debentures will be Seven (7) years.

**TYPE E**

Fixed interest rate of Twelve Decimal Eight Four per centum (12.84 %) p.a. (AER 13.25 %) payable semi-annually from the Date of Allotment until the expiry of Ten (10) years from the Date of Allotment on the principal sum of Debentures.

The tenure of the Debentures will be Ten (10) years.

**TYPE F**

Fixed interest rate of Thirteen Decimal Two Five per centum (13.25 %) p.a. (AER 13.25%) payable annually from the Date of Allotment until the expiry of Ten (10) years from the Date of Allotment on the principal sum of Debentures.

The tenure of the Debentures will be Ten (10) years.

## 5.5 INTEREST

Holders of Debentures specified in Section 5.4 above of this Prospectus are entitled to receive interest in the following manner;

| | |
|---|---|
| TYPE "A" | Interest on Debentures will be paid at a fixed rate of **12.61**% per annum (AER **13.00**%) on the principal sum semi-annually from the Date of Allotment until the redemption/ maturity of the principal sum. The final interest payment will be made together with the principal sum within Three (03) Working Days from the Date of Redemption/ Maturity. |
| TYPE "B" | Interest on Debentures will be paid at a fixed rate of **13.00**% per annum (AER **13.00**%) on the principal sum annually from the Date of Allotment until the redemption/ maturity of the principal sum. The final interest payment will be made together with the principal sum within Three (03) Working Days from the Date of Redemption/ Maturity. |
| TYPE "C" | Interest on Debentures will be paid at a fixed rate of **12.84**% per annum (AER **13.25**%) on the principal sum semi-annually from the Date of Allotment until the redemption/ maturity of the principal sum. The final interest payment will be made together with the principal sum within Three (03) Working Days from the Date of Redemption/ Maturity. |
| TYPE "D" | Interest on Debentures will be paid at a fixed rate of **13.25**% per annum (AER **13.25**%) on the principal sum annually from the Date of Allotment until the redemption/ maturity of the principal sum. The final interest payment will be made together with the principal sum within Three (03) Working Days from the Date of Redemption/ Maturity. |
| TYPE "E" | Interest on Debentures will be paid at a fixed rate of **12.84**% per annum (AER **13.25**%) on the principal sum semi-annually from the Date of Allotment until the redemption/ maturity of the principal sum. The final interest payment will be made together with the principal sum within Three (03) Working Days from the Date of Redemption/ Maturity. |
| TYPE "F" | Interest on Debentures will be paid at a fixed rate of **13.25**% per annum (AER **13.25**%) on the principal sum annually from the Date of Allotment until the redemption/ maturity of the principal sum. The final interest payment will be made together with the principal sum within Three (03) Working Days from the Date of Redemption/ Maturity. |

Interest calculation on the Debentures for a particular interest period shall be based upon the actual number of days in such interest period (actual/ actual). Interest payment will be made not later than Three (03) Working Days from the date on which interest becomes due.

Qualified Investors who wish to receive their interest payments using an Electronic Fund Transfer mechanism should disclose their bank account details in the Application Form while ensuring that identical bank account details are provided to the CDS, since the relevant payments will be made based on the Bank Account details provided to the CDS.

Non-resident Applicants should ensure that their IIA accounts through which they make payment to purchase the Debentures is recorded in the CDS as the relevant IIA account to which interest payments and redemption proceeds are to be sent, in order for the interest payments and redemption proceeds to be sent to the aforementioned IIA accounts.

In order to accommodate the Debenture interest cycles in the CDS, the payment of interest for a particular Interest Payment Date will include the Debenture Holders holding Debentures in the CDS as at the Entitlement Date. However, the interest for a particular Interest Payment Date will be calculated including the due date of the interest payment. If the Entitlement Date is a holiday, interest shall be calculated including the Entitlement Date.

In the event of an occurrence of a Trigger Event, as determined by the CBSL, the Bank shall be required and entitled to issue and allot within Twenty (20) days, ordinary voting shares of the Bank, ranking equal and *pari passu* with the existing ordinary voting shares, to the Debenture Holders up to the outstanding balance of such Debentures, including the total par value of the Debentures and the Debenture interest. As such, upon the issuance of ordinary voting shares to the Debenture Holders, as stated above, no interest will accrue on Debentures thereafter, as the Debentures will cease to exist.

## 5.6 PAYMENT OF PRINCIPAL SUM AND INTEREST

The Bank will redeem the Debentures on the respective Date of Redemption/ Maturity as specified in Section 5.8 and the interest payments will be made as specified in Section 5.5.

Payment of the principal sum and interest will be made after deducting taxes at source (if applicable) in Sri Lankan Rupees to the registered Debenture Holders only as of the Entitlement Date.

The interest as at the Interest Payment Dates and the principal as at respective Date of Maturity will be paid through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka to a bank account of the Debenture Holder which has been provided to the CDS by the Applicants, such as SLIPS and RTGS if accurate bank details have been provided to the CDS, or in the event accurate bank details have not been provided by crossed cheque marked “Account Payee Only” posted under registered cover to the addresses provided by the Debenture Holders to the CDS at the risk of the Debenture Holders not later than Three (03) Working Days from relevant due date. However, in the event such payment is over the maximum amount that can be accommodated through an electronic fund transfer mechanism such as SLIPS, such payments will be made via RTGS mechanism.

The payment of interest will be made in Sri Lankan Rupees in favour of the Debenture Holders as of the Entitlement Date (in the case of joint Debenture Holders to the one whose name stands first in the respective CDS account). The payments of principal sum and accrued interest payable on the redemption of Debentures will be made in Sri Lankan Rupees in favour of the Debenture Holders as at end of trading on the Date of Redemption/ Maturity (in the case of joint Debenture Holders to the one whose name stands first in the respective CDS account).

It is the responsibility of non-resident and foreign investors to ensure that their IIA details through which they invest in Debentures are recorded correctly against the records in CDS to dispatch their Debenture interest payments and principal on redemption.

## 5.7 TAXES WITH REGARD TO INTEREST PAYMENT ON LISTED DEBENTURES

Interest on the Debentures will be paid after deducting any taxes and charges thereon (if any) as per the applicable law prevalent at the time of the interest payment to the Debenture Holders.

Qualified Investors are advised to obtain clarifications in this regard from their tax advisors.

## 5.8 REDEMPTION

The Bank shall redeem the Debentures on the expiry of its tenure from the Date of Allotment. The Bank, within Three (3) Working Days of the respective Date of Maturity shall in accordance with the provisions contained in the Trust Deed pay to the Debenture Holders the principal amount (redeemed at par) of the Debentures which are to be redeemed and accrued interest (if any) payable on the Debentures through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka to a bank account provided to the CDS by the Applicants, such as SLIPS and RTGS if accurate bank details have been provided or in the event accurate bank details have not been provided, such payment shall be made by crossed cheque marked “Account Payee Only” posted in a registered cover to the addresses provided by the Debenture Holders to the CDS at the risk of the Debenture Holders.

The Debenture Holders shall not have any right or option to call for redemption of the Debentures before the Date of Redemption of such Debentures.

These Debentures will not be redeemed by the Bank prior to maturity for any reason whatsoever except the occurrence of an Event of Default as contemplated in Clause 10.1 of the Trust Deed. Repayment before maturity of the principal sum on a Debenture in any circumstance shall be subject to the prior written approval of the CBSL and the approval of 3/4th of the Debenture Holders of each Type in nominal value of the Debentures outstanding when the principal sum is repaid before maturity.

If the Date of Redemption falls on a day which is not a Market Day, then the Date of Redemption shall be the immediately succeeding Market Day and Interest shall be paid for each calendar day up to the date immediately preceding such Market Day.

#### TRIGGER EVENT

A “Trigger Event” is determined by and at the sole discretion of the Central Bank of Sri Lanka (i.e. conversion of the said Debentures upon occurrence of the Trigger Event will be effected by the Bank solely upon being instructed by the Central Bank of Sri Lanka), and is defined in the Banking Act Directions No. 01 of 2016 of Web Based Return Code 20.2.3.1.1.1.(10) (iii) (a and b) as a point/ event being the earlier of:

(a) “A decision that a write-down, without which the Bank would become non-viable, is necessary, as determined by the Central Bank of Sri Lanka.

(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 Central Bank of Sri Lanka”.

#### CONVERSION RATIO

Upon the occurrence of the Trigger Event, the Bank shall be required and entitled to issue and allot within Twenty (20) days, Ordinary Voting Shares of the Bank ranking equal and *pari passu* with the existing Ordinary Voting Shares, to the Debenture Holders up to the outstanding balance of such Debentures, including the total par value of the Debentures and the accrued and unpaid interest due on the Debentures. This will be at a conversion price which will be based on the simple average of Volume Weighted Average Price of ordinary voting shares of the Bank as published by the Colombo Stock Exchange, during the Three (3) month period, immediately preceding the date of the Trigger Event. In the event of any Debenture Holder being entitled to a fractional allotment of an ordinary voting share on such issuance and allotment, the Bank shall settle the resulting sums in cash, based on the Conversion Price within Fourteen (14) Market Days from the date of allotment of the said ordinary voting shares.

## 5.0 PRINCIPAL FEATURES OF THE ISSUE

**CONVERSION AND TRIGGER**

The Bank has decided to use the simple average of the Volume Weighted Average Price (VWAP) as indicated above due to its practicality and equitability as a pricing formula for conversion. This formula takes into account the market price over a Three (3) month period immediately preceding the date of the Trigger Event thereby lessening the impact of short term price volatility and the volume impact in pricing. Due to the formula being applied using publicly available data published by the Colombo Stock Exchange, there is a high degree of transparency that results from the adoption of this method.

Shares arising from a conversion to ordinary voting shares will rank *pari passu* with existing ordinary voting shares and will be superior to the non-voting ordinary shares in respect of the voting rights attaching to the shares issued upon conversion.

If there is an issuance of ordinary voting shares to the Debenture Holders upon the occurrence of the Trigger Event, a Debenture Holder would cease to be a Debenture Holder and would become an ordinary voting shareholder of the Bank to the extent of such issuance and will rank equal and *pari passu* with existing ordinary voting shareholders with voting rights after the allotment of new shares to such shareholders (being the previous Debenture Holders) and will rank superior to the non-voting ordinary shareholders in respect of the voting rights attaching to the shares issued upon conversion.

Subsequent to the Debenture Holders becoming ordinary voting shareholders of the Bank, due to the occurrence of the Trigger Event and the resultant conversion, they would be entitled to exercise such rights as are exercisable by the other shareholders of the Bank holding ordinary voting shares. Once the conversion of Debentures is concluded, the Debentures will cease to exist.

**DILUTION OF SHAREHOLDING UPON A CONVERSION OF DEBENTURES**

In the event of conversion of Debentures to ordinary voting shares, there would be a dilution of the existing shareholding percentage held by the existing shareholders. However, the extent of the dilution will be dependent on several factors that cannot be determined at this point, due to the following:

- The number of shares to be issued resulting from such a conversion will be determined by the “Conversion Price” at the “Trigger Point” as detailed below.

  There will be a dilution impact on the shareholding percentages of the existing voting shareholders.

  If the simple average of the Volume Weighted Average Price (VWAP) at the point of conversion is low compared to the prevailing share price, it would result in the allocation of a comparatively higher number of ordinary voting shares by the Bank to the Debenture Holders, which will dilute the shareholding percentages of existing voting shareholders.

  If the simple average of the Volume Weighted Average Price (VWAP) at the point of conversion is high compared to the prevailing share price, it would result in the allocation of a comparatively lower number of ordinary voting shares by the Bank, which will dilute the shareholding percentages of existing voting shareholders to a lesser extent than in the former instance described above.

- The extent of dilution of existing voting shareholders will have to be determined by reference to the number of shares that are in issue at the time of such a conversion. The number of shares that are in issue at the time of a conversion can vary during the tenure of the Debentures due to the issuance of new shares by way of scrip dividends, rights issues, capitalisation of reserves, exercising of entitlements in Employee Share Option Plans, and/ or any other relevant corporate action.

  In order to avoid dilution of the shareholding percentages of the existing voting shareholders due to a conversion, in the event of there being a likelihood of the occurrence of the Trigger Event, prior to conversion of the said Debentures into ordinary voting shares, the then existing shareholders will be first called upon to infuse additional share capital and if such infusion is not forthcoming the proposed Debenture (i.e. Tier 2 Capital) will get converted into Ordinary Voting Shares of the Company upon the determination of the “Non-Viability” point by the CBSL and upon instructions being issued to the Bank in this regard.

**Market Announcement**

The Bank, upon receiving a Trigger Event notification from the CBSL, will immediately make a market announcement of the same and further announce the “price” and “dates” (i.e. Trigger Event date, date of allotment and CDS upload date) pertaining to such conversion of Debentures to ordinary voting shares. Further, the Bank shall disclose any other information as required by the CSE at such point of time regarding the conversion of Debentures to ordinary voting shares.

### 5.9 RATING OF THE DEBENTURES

Fitch Ratings Lanka Limited has assigned a Rating of A (lka) to the Debentures.

The Bank’s rating is AA- (lka)/ Stable by Fitch Ratings Lanka Limited. The Bank’s rating was upgraded to AA- (lka) from A (lka) in January 2025[1].

A copy of the rating certificate is given in “Annexure A” of this Prospectus.

The Board of Directors of the Bank undertakes to publish and inform the CSE and the Trustees to the Issue in the event there is a revision to the credit rating of the Debentures.

### 5.10 BENEFITS OF INVESTING IN DEBENTURES TO AN INVESTOR

- Provides an opportunity to receive interest income while diversifying the existing investment portfolio.
- Provides an opportunity to earn a regular cash flow of interest payments on a semi-annual basis up to a fixed period of Five (05) years in the case of Type A or Seven (7) years in the case of Type C or Ten (10) years in the case of Type E.
- Provides an opportunity to earn a regular cash flow of interest payments on an annual basis up to a fixed period of Five (05) years in the case of Type B or Seven (7) years in the case of Type D or Ten (10) years in the case of Type F.
- Provides an opportunity to earn a fixed rate of interest from the Debentures.
- Provides an opportunity to invest in Debentures issued by a leading bank in Sri Lanka.
- Opportunity to realise capital gains according to interest rate fluctuations in the financial market. Further if the investment is held to maturity, there will be no capital loss incurred.
- Listed Debentures have a secondary market, limited to “Qualified Investors” as defined in the Prospectus, thus providing the investor with an exit option through the CSE thereby bringing liquidity to these Debentures.

### 5.11 RIGHTS OF DEBENTURE HOLDERS

(a) Debenture Holders are entitled to the following rights:

- Receiving principal at maturity and semi-annual interest or annual interest at rates set out in Section 5.5 of this Prospectus, subject to the provisions contained in this Prospectus regarding the occurrence of a Trigger Event.
- Ranking above the ordinary voting and non-voting shareholders and preference shareholders, regardless of whether these shares are listed or unlisted, in the event of liquidation, unless a Trigger Event as described in this Prospectus had occurred prior to this event.
- Calling and attending meetings of Debenture Holders as set out in the Trust Deed.
- Receiving a copy of the Annual Report within 5 months from the financial year end.

1. https://cdn.cse.lk/cmt/announcement_portal_prod/CSE%20Announcement%20-%20Fitch%20Rating%20-%20Upgrade%20-%20COMB_11328135519245031.pdf

In the event of the winding up of the Bank, the claims of the Debenture Holders will rank after all the claims of depositors and holders of senior debt and the secured and unsecured creditors of the Bank and the preferential claims under the statutes governing the Bank but shall rank *pari passu* with other BASEL III subordinated debenture holders/ Basel III Compliant Green Bond holders and in priority and over the claims and rights of ordinary and preference shareholders of the Bank, regardless of whether these shares are listed or unlisted, unless there has been an issuance of Ordinary Voting Shares to the Debenture Holders upon the occurrence of a Trigger Event in which case a Debenture Holder would cease to be a Debenture Holder and would become an Ordinary Voting Shareholder of the Bank to the extent of such issuance and will rank equal and *pari passu* with existing Ordinary Voting Shareholders.

(b) Debenture Holders are not entitled to the following rights:

- Attending and voting at meetings of holders of Shares and other Debentures;
- Sharing in the profits of the Bank;
- Participating in any surplus in the event of liquidation;
- Calling for redemption of Debenture before maturity;
- Converting the Debentures into ordinary voting shares at their option.

However, in the event the Debenture Holders become ordinary voting shareholders of the Bank, due to the occurrence of a Trigger Event, there would be an entitlement to exercise such rights as are exercisable by the shareholders of the Bank.

## 5.12 OBLIGATIONS OF DEBENTURE HOLDERS

Each Debenture Holder must ensure that the information in respect of the securities account maintained with the CDS is up-to-date and accurate. Each Debenture Holder shall absolve the Bank from any responsibility or liability in respect of any error or inaccuracy or absence of necessary changes in the information recorded with the CDS. Provided further that the Debenture Holder(s) shall absolve the CSE and the CDS from any responsibility or liability in respect of any error or inaccuracy or absence of necessary changes in the information recorded with the CDS where such errors or inaccuracies or absence of changes are attributable to any act or omission of the Debenture Holder(s).

## 5.13 RISKS INVOLVED IN INVESTING IN THE DEBENTURES

Basel III compliant - Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a Non-Viability Conversion feature do not carry a charge on a specific asset of the Bank and are redeemable only at the expiry of the maturity period.

**SUBSCRIBERS TO THE DEBENTURES COULD BE EXPOSED TO THE FOLLOWING RISKS:**

### Interest Rate Risk

Provided all other factors are equal, the market price of fixed rate Debentures will generally fluctuate if there is a change in “market interest rates”. Thus as “market interest rates” rise, the market price of Debentures may drop; and as “market interest rates” drop, the price of Debentures may rise. “Market interest rate” means the interest rates, which prevail at a given time for similar investments with a similar maturity and risk profile.

### Price Risk

Price Risk is the risk arising from a change in the price/ value of a Debenture from a movement in the interest rate environment. Price Risk could result in capital gains or losses to Debenture Holders depending on the direction of interest rate movement. In general, Price Risk will be more pronounced in fixed rate Debentures than in their floating rate counterparts.

## 5.0 PRINCIPAL FEATURES OF THE ISSUE

### Re-investment Risk

The Commercial Bank Debentures will pay interest on a semi-annual basis for Type A, C and E Debentures and on an annual basis for Type B, D and F Debentures. The investor may decide to re-invest this interest payment and earn interest thereon. Depending on the prevailing interest rates in the market, the interest rates at which Debenture Holders could reinvest such interest income may be higher or lower than the return the Bank offers on the Debentures. This uncertainty is known as re-investment risk.

### Default Risk

Default risk, also referred to as credit risk, means the risk that the Issuer of Debentures may default, i.e., the Issuer will not be able to pay interest and principal payments on a timely basis. Default risk is evaluated by Rating Agencies. Commercial Bank has been assigned a Rating of AA- (lka)/ Stable (Issuer Rating) by Fitch Ratings Lanka Ltd.

The proposed Debenture Issue has been rated by Fitch Ratings Lanka Ltd. (the Rating Company to the Issue) which has assigned a Rating of A (lka) to the proposed Debenture Issue. The Rating Certificate is given in Annexure A in this Prospectus.

### Liquidity Risk

Liquidity risk depends on the ease with which the Debentures can be sold after the initial placement. In order to reduce the liquidity risk, the Company has applied and obtained in principle approval by the CSE for a listing of these Debentures on the CSE.

### Duration Risk

The term duration has a special meaning in the context of Debentures. It is a measurement of how long, in years, it takes for the price of a Debenture to be repaid by its internal cash flows. It is an important measure for investors to consider, as Debentures with higher durations carry more risk and have higher price volatility than Debentures with lower durations.

### Winding Up

The claims of the Debenture Holders shall, in the event of the winding up of the Bank, rank after all the claims of depositors and holders of senior debt and claims of secured and other unsecured creditors of the Bank and any preferential claims under any statutes governing the Bank but shall rank *pari passu* with other Basel III Compliant subordinated debenture holders/ Basel III Compliant Green Bond holders and in priority to and over the claims and rights of the ordinary and preference Shareholders of the Bank, regardless of whether these shares are listed or unlisted.

However, upon the occurrence of a Trigger Event, the Debenture Holder would cease to be a Debenture Holder and would become a shareholder of the Bank and will rank equal and *pari passu* with existing Ordinary Voting shareholders.

### ADDITIONAL RISKS OF DEBENTURES DUE TO NON-VIABILITY CONVERSION FEATURE

These Debentures are complex financial instruments and may not be suitable or an appropriate investment for all Qualified Investors. Potential Qualified Investors in Basel III compliant - Tier 2 Debentures should determine the suitability or appropriateness of such investments, given their investment objectives and experience and other relevant factors with the help of legal, tax or financial advisors.

Potential Qualified Investors in these Debentures should have:

(i) Sufficient knowledge and experience to understand the risks and benefits associated with these Debentures.

(ii) Necessary skills and tools to evaluate the impact on the investor’s portfolio through investment in these Debentures given various economic and company specific scenarios.

(iii) Sufficient financial resources and liquidity to bear the risks involved in these Debentures.

(iv) Thorough understanding of the terms and conditions associated with these Debentures and the behaviour of financial markets and variables that could have an impact on the return on these Debentures.

(v) Evaluation of the possible scenarios of variables that could have an impact on these Debentures.

**1. Subordination risk**

The Debentures will be the Bank's direct unsecured obligations which, if the Bank becomes insolvent or is wound-up (prior to the occurrence of a Trigger Event), will rank equally with the Bank's other subordinated indebtedness and will be subordinate in right of payment to the claims of the Bank's depositors and other unsubordinated creditors. Therefore, if, prior to the occurrence of a Trigger Event, the Bank becomes insolvent or is wound-up, the assets of the Bank would first be applied to satisfy all rights and claims of unsubordinated creditors. If the Bank does not have sufficient assets to settle claims of such creditors in full, the claims of the holders of the Debentures will not be settled and, as a result, the holders will lose the entire amount of their investment in the Debentures. The Debentures will share equally in payment with claims under other subordinated indebtedness if the Bank does not have sufficient funds to make full payments on all of them, as applicable. In such a situation, holders could lose all or part of their investment.

In addition, holders should be aware that, upon the occurrence of a Trigger Event, all of the Bank's obligations under the Debentures shall be deemed paid in full by the issuance of Ordinary Voting Shares upon a Non-Viability Conversion, and each holder will be effectively further subordinated due to the change in their status following such a conversion from being the holder of a debt instrument ranking ahead of holders of Ordinary Voting Shares to being the holder of Ordinary Voting Shares. As a result, upon Non-Viability Conversion, the holders could lose all or part of their investment in the Debentures irrespective of whether the Bank has sufficient assets available to settle what would have been the claims of the holders of the Debentures or other securities subordinated to the same extent as the Debentures, in proceedings relating to an insolvency or winding-up.

**2. Loss-absorption related risks-for Non-Viability Conversion**

**(a) Conversion risk**

Upon the occurrence of a Trigger Event, the Bank shall convert the Debentures into Ordinary Voting Shares and any accrued but unpaid interest will be added to the par value of the Debentures and such accrued but unpaid interest, together with the principal amount of the Debentures will be deemed paid in full by the issuance of Ordinary Voting Shares. Upon conversion, the Debenture Holders shall have no further rights and the Bank shall have no further obligations to holders of the Debentures under the Trust Deed. Moreover, a Non-Viability Conversion upon the occurrence of a Trigger Event is not an event of default under the terms of the Debenture or the Trust Deed.

Potential investors in Debentures should understand that, if a Trigger Event occurs and Debentures are converted into Ordinary Voting Shares, investors are obliged to accept the Ordinary Voting Shares even if they do not at the time consider such Ordinary Voting Shares to be an appropriate investment for them and despite any change in the financial position of the Bank since the issue of the Debentures or any disruption to the market for those Ordinary Voting Shares or to capital markets generally.

**(b) The number and value of Ordinary Voting Shares to be received on a Non-Viability Conversion may be worth significantly less than the par value of the Debentures and can be variable**

Upon the occurrence of a Non-Viability Conversion, there is no certainty of the value of the Ordinary Voting Shares to be received by the holders of the Debentures and the value of such Ordinary Voting Shares could be significantly less than the par value of the Debentures.

Moreover, there may be an illiquid market, or no market at all, for Ordinary Voting Shares received upon the occurrence of a Non-Viability Trigger Event, and investors may not be able to sell the Ordinary Voting Shares at a price equal to the value of their investment and as a result may suffer significant loss.

## 5.0 PRINCIPAL FEATURES OF THE ISSUE

**(c) The Debentures are loss-absorption instruments that involve risk and may not be a suitable investment for all investors**

The Debentures are loss-absorption financial instruments designed to comply with applicable banking regulations and involve certain risks. Each potential investor of the Debentures must determine the suitability (either alone or with the help of a financial advisor) of that investment in light of its own circumstances. In particular, each potential investor should understand thoroughly the terms of the Debentures, such as the provisions governing the Non-Viability Conversion, including under what circumstances a Trigger Event could occur.

A potential investor should not invest in the Debentures unless he/ she has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Debentures will perform under changing conditions, the resulting effects on the likelihood of the Non-Viability Conversion into Ordinary Voting Shares and the value of the Debentures, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus.

**(d) Uncertainty regarding the Trigger Event**

Because of the inherent uncertainty regarding the determination of when a Trigger Event may occur, it will be difficult to predict when, if at all, the Debentures will be converted into Ordinary Voting Shares. In addition, investors in the Debentures are likely not to receive any advance notice of the occurrence of a Trigger Event. As a result of this uncertainty, trading behaviour in respect of the Debentures is not necessarily expected to follow trading behaviour associated with other types of convertible or exchangeable securities. Any indication, whether real or perceived, that the Bank is trending towards a Trigger Event can be expected to have an adverse effect on the market price of the Debentures and the Ordinary Voting Shares, whether or not such Trigger Event actually occurs. Therefore, in such circumstances, investors may not be able to sell their Debentures easily or at prices that will provide them with a yield comparable to other types of subordinated debentures, including the Bank's other subordinated debt securities. In addition, the risk of Non-Viability Conversion could drive down the price of Ordinary Voting Shares and have a material adverse effect on the market value of Ordinary Voting Shares received upon Non-Viability Conversion.

**(e) Following a Non-Viability Conversion, investor will no longer have rights as a creditor and will only have rights as a holder of Ordinary Voting Shares**

Upon a Non-Viability Conversion, the rights, terms and conditions of the Debentures, including with respect to priority and rights on liquidation, will no longer be relevant as all such Debentures will have been converted on a full and permanent basis into Ordinary Voting Shares ranking *pari passu* with all other existing Ordinary Voting Shares. If a Non-Viability Conversion occurs, then the interest of depositors, other creditors of the Bank, and holders of Bank securities which are not contingent instruments will all rank in priority to the holders of contingent instruments, including the Debentures.

Given the nature of the Trigger Event, a holder of Debentures will become a holder of Ordinary Voting Shares at a time when the Bank's financial condition has deteriorated. If the Bank were to become insolvent or wound-up after the occurrence of a Trigger Event, as holders of Ordinary Voting Shares investors may receive substantially less than what they might have received had the Debentures not been converted into Ordinary Voting Shares.

**(f) An investor's remedies for the Bank's breach of its obligations under the Debenture are limited**

In the absence of an Event of Default (which shall occur upon the commencement of any action/ proceeding against the Bank on the grounds of liquidation, bankruptcy, insolvency or receivership or upon an order being made or a resolution being passed for the winding up of the Bank), the Trustees and holders of the Debentures shall not be entitled to declare the principal amount of the Debentures due and payable under any circumstance. As a result, the investor will have no right of acceleration in the event of a non-payment of interest or a failure or breach in the performance of any other covenant of the Bank, although legal action could be brought to enforce any covenant of the Bank.

### 3. Acknowledgement of the CBSL Resolution Powers

**The CBSL retains full discretion regarding the determination that a Trigger Event has occurred; As the resolution authority of banks in Sri Lanka, the CBSL has resolution powers through statute.**

The CBSL determines the Trigger Event and effects a conversion after considering the other bail-in alternatives available to the Bank. Further, Banking (Special Provisions) Act No. 17 of 2023 and Part VII (A) and Part VIII of the Banking Act No. 30 of 1988 (as amended) specify certain events upon which the CBSL can exercise its resolution mechanism. In view of the above, based on the statutory authority of the CBSL, CBSL retains full discretion to choose or not to choose to trigger for Non-Viability as has been provided for in the Banking Act Directions No. 1 of 2016 on Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialised Banks.

As the CBSL retains full discretion to choose not to trigger Non-Viability Conversion/ Write-Off notwithstanding a determination that the Bank has ceased, or is about to cease to be viable, under such circumstances, the holders of the Debentures may be exposed to losses through the use of other resolution tools under applicable statutes.

### 4. Generic Risks

**(a) The ability to transfer the Debentures may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the Debentures**

In Sri Lanka the secondary trading activity in the corporate debt market is limited. The Debentures are a new issue of securities and have no established secondary trading market. There can be no assurance that an active secondary trading market will develop. If the Debentures are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Bank.

Even if an active secondary trading market does develop; it may not be liquid and may not continue. Therefore, investors may not be able to sell their Debentures easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If the secondary market for the Debentures is limited, there may be few buyers for the Debentures and this may significantly reduce the relevant market price of the Debentures.

**(b) Credit ratings may not reflect all risks associated with an investment in the Debentures**

A credit rating reflects a relative ranking of credit risk and does not reflect the potential impact of all risks related to the structure, market, additional factors discussed herein, and other factors that may affect the value of the Debentures.

**(c) A downgrade, suspension or withdrawal of the rating assigned by any rating agency to the Debentures could cause the liquidity or market value of the Debentures to decline**

Rating initially assigned to the Debentures may be lowered or withdrawn entirely by the rating agency if, in the rating agency's judgment, circumstances relating to the basis of the rating, such as adverse changes to the Bank's business, so warrant. If the rating agency lowers or withdraws its rating, such event could reduce the liquidity or market value of the Debentures. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

**(d) Changes in law, or changes in regulatory classification may affect the rights of holders as well as the market value of the Debentures**

The regulatory regime in connection to these instruments is evolving. Changes in law may include change in statutory, tax and regulatory regimes during the life of the Debentures, which may have an adverse effect on the investment in the Debentures.

### 5.14 TRANSFER OF THE DEBENTURES

(a) These Debentures shall be freely transferable amongst Qualified Investors and the registration of such transfer shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.

(b) The Debentures shall be transferable and transmittable amongst Qualified Investors through the CDS as long as the Debentures are listed on the CSE. Subject to the provisions contained herein, the Issuer may register without assuming any liability any transfer of debentures, which are in accordance with the statutory requirements and rules and regulations in force for the time being as laid down by the CSE, the SEC and the CDS.

(c) In the case of death of a Debenture Holder

- The survivor where the deceased was a joint holder; and
- The executors or administrators of the deceased or where the administration of the Estate of the deceased is in law not compulsory, the heirs of the deceased where such Debenture Holder was the sole or only surviving holder; shall be the only persons recognised by the Issuer as having any title to his/ her/ its Debentures.

(d) Any person becoming entitled to any Debenture in consequence of bankruptcy or winding up of any Debenture Holder, upon producing proper evidence that he/ she/ it sustains the character in respect of which he/ she/ it proposes to act or his/ her/ its title as the Board of Directors of the Issuer thinks sufficient may in the discretion of the Board be substituted and accordingly registered as a Debenture Holder in respect of such Debentures subject to the applicable laws, rules and regulations of the Issuer, CDS, CSE and SEC.

(e) No change of ownership in contravention to these conditions will be recognised by the Issuer.

(f) Neither the Bank nor a banking group over which the Bank exercises control or significant influence can have purchased the Debentures and the Bank cannot directly or indirectly have funded the purchase of the Debentures.

### 5.15 LISTING

An application has been made to the CSE and approved "in principle" by the CSE to deal in and obtain listing for these Debentures and any shares which may be issued upon the occurrence of a Trigger Event set out in this Prospectus. It is the intention of the Bank to list the Debentures on the CSE upon the allotment thereof. However, the CSE assumes no responsibility for the correctness of the statements made, opinions expressed, undisclosed information, reports included or omissions made in this Prospectus. Admission to the official list is not to be taken as an indication of the merits of the Bank or of the Debentures issued.

### 5.16 BROKERAGE

Brokerage at the rate of zero point one five per centum (0.15%) of the nominal value of the Debentures allotted will be paid to the Trading Participant in respect of the number of Debentures allotted on Applications bearing the stamp of such Trading Participant.

### 5.17 COST OF THE ISSUE

The Board of Directors estimates that the total Cost of the Issue including brokerage, printing, advertising, and other costs connected with the Issue will be approximately LKR 110 Mn. Such Issue costs will be funded by the internal funds of the Bank.

## 5.18 UNDERWRITING ARRANGEMENTS

The Bank has decided that the Issue will not be underwritten. In the event of the Issue being undersubscribed, the Applicants will be allotted in full and the quantum of the funds generated from the Issue will be utilised for purposes detailed in Section 5.3 of this Prospectus. In the event the Issue is undersubscribed, the Bank will use its other sources of funds including the internally generated funds, to achieve the specified objectives.

## 5.19 PROSPECTUS AND APPLICATION FORMS

Copies of the Application Forms may be obtained free of charge from the collection points listed in Annexure B from Three (03) Market Days prior to the date of opening of the subscription list. The Prospectus and the Application Forms may also be downloaded from the websites of the CSE and the Bank, viz. www.cse.lk and www.combank.lk respectively.

Considering the Bank's commitment to sustainability, the Bank has requested a waiver from CSE for Listing Rule 2.4 (f), which requires physical copies of the Prospectus available. After reviewing the request, the CSE has granted the waiver. Consequently, only digital copies of the Prospectus will be available to Trading Participants of the Exchange, and the public.

## 5.20 TRUSTEE TO DEBENTURE HOLDERS

Bank of Ceylon has agreed to act as the Trustee for the Debenture Holders and it has certified/ confirmed its compliance and fulfilment of the requirements specified under Section 2.2.1.(n) "Appointment of a Trustee' of the Listing Rules of the CSE. The Bank has entered into an agreement with the Trustee hereinafter called the "Trust Deed". Debenture Holders in their Application for subscription will be required to authorise the Trustee to act as their agent in entering into such deeds, writings and instruments with the Bank and to act as the agent and Trustee for the Debenture Holders.

The rights and obligations of the Trustee are set out in the Trust Deed. The Debentures shall be subject to the terms and conditions and confer such rights as are incorporated in the said Trust Deed. The Trustee/ its Directors has/ have no conflict of interest with the Bank except that the Trustee is one of the banks rendering banking-related services to the Bank.

In the event the Trustee subscribes to a substantial number of Debentures issued, the Bank will make an immediate announcement to the market giving out information on the number of Debentures acquired by the Trustee.

# 6.0 PROCEDURE FOR APPLICATION

## 6.1 WHO CAN APPLY

Applications for the subscription of Debentures are invited from the following categories of Qualified Investors:

(a) A commercial bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act No. 30 of 1988 (as amended)

(b) A specialized bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act No. 30 of 1988 (as amended)

(c) A mutual fund, a pension fund, Employees Provident Fund or any other similar pooled fund

(d) A venture capital fund/company and private equity company

(e) A finance company licensed by the Central Bank of Sri Lanka in terms of the Finance Business Act No. 42 of 2011 (as amended)

(f) A company licensed by the Central Bank of Sri Lanka to carry on finance leasing business under the Finance Leasing Act No. 56 of 2000 (as amended)

(g) A company licensed by the Insurance Board of Sri Lanka to carry on insurance business in terms of the Regulation of Insurance Industry Act No. 43 of 2000 (as amended)

(h) A corporate (listed or unlisted) which does not fall under the above categories and is incorporated under the Companies Act No. 7 of 2007

(i) An investment trust or investment company

(j) A non-resident institutional investor

(k) An individual with an initial investment of Rs. 5,000,000/-

The Bank will comply with the Foreign Exchange Act No. 12 of 2017 and all regulations published thereunder including those contained in the Government Gazette (Extraordinary) No. 2213/ 35 on February 03, 2021, Government Gazette (Extraordinary) No. 2235/ 22 dated July 06, 2021, and all other regulations and directions published thereunder when issuing and transferring Debentures to non-residents.

Applications will NOT be accepted from individuals under the age of 18 years or if made in the names of Sole Proprietorships, Partnerships, Unincorporated Trusts or Unincorporated bodies of persons.

## 6.2 HOW TO APPLY

The terms and conditions applicable to the Applicants are as follows:

(i) Applications should be made on the Application Forms issued with the Prospectus. Application Forms could also be downloaded from the Bank’s website, www.combank.lk and the CSE website, www.cse.lk (Exact size photocopies of Application Forms too will be accepted). Care must be taken to follow the instructions given herein and in the Application Form.

Applications that do not strictly conform to such instructions and the other conditions set out below, or which are illegible or incomplete may be rejected.

(ii) Applicants who wish to apply for all types of Debentures should apply under separate Application Forms for each type of Debenture they wish to apply.

(iii) Applicants should apply for only one type of Debenture under one Application Form.

In the event that an Applicant wishes to apply for more than one type of Debenture, separate Application Forms should be used. Once an Application Form has been submitted for a particular type of Debenture, it will not be possible for an Applicant to switch between the types of Debentures. More than one Application submitted by an Applicant under the same type of Debentures will not be accepted. If more than one Application Form is submitted for one type of Debenture from a single Applicant, those would be construed as multiple applications, and the Bank reserves the right to reject such multiple applications or suspected multiple applications.

(iv) Applications should be made for a minimum of One Hundred (100) Debentures other than in the case of individual Qualified Investors. The minimum subscription requirement applicable for an individual Qualified Investor applying for Basel III Compliant Debt Securities shall be Rupees Five Million (Rs. 5,000,000/-). Applications exceeding the minimum subscription requirement should be in multiples of Rupees Ten Thousand (LKR 10,000/-) or One Hundred (100) Debentures. Applications for less than 100 Debentures and that are for less than the minimum subscription requirement for individual Qualified Investors will be rejected.

(v) Multiple Applications for the same type of Debentures will not be entertained. Separate Applications can be made for Debenture Types A, B, C, D, E and F by the same Applicant. The Issuer reserves the right to reject suspected multiple Applications for any type of Debenture.

(vi) Joint Applications may be made. An Applicant of a joint Application will not be eligible to send a separate Application individually or jointly applying for the same type of Debentures. Such Applicants are also deemed to have made multiple Applications and will be rejected. Only One (01) Application should be made for the benefit of any person or corporate body. In the case of joint Applications, the refund cheque (if any), interest payment and the redemption cheque will be drawn in favour of the First Applicant identified in the Application Form.

The Bank shall not be bound to register more than Three (03) natural persons as joint holders of any Debentures (except in the case of executors, administrators or heirs of a deceased member).

Joint Applicants should note that all parties should either be residents of Sri Lanka or non-residents (as defined herein), falling within the definition of a Qualified Investor in the aggregate.

(vii) Corporate Applicants registered/ incorporated/established in Sri Lanka should have obtained the requisite internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and should be made under common seal or in any other manner as provided by the Articles of Association or such other constitutional documents of such Applicant or as per the statutes governing them. Applications by approved provident funds, approved contributory pension schemes registered/ incorporated/ established in Sri Lanka must be in the name of the trustee/ board of management.

(viii) In the case of Corporate Applicants, the common seal of the company should be affixed and attested if required by the Articles of Association of such Applicant.

(ix) Sri Lankan citizens should use their National Identity Card (NIC) Number in the Debenture Application Form. The Passport Number can be stated only when the NIC number is not available. In the case of corporate entities incorporated in Sri Lanka, the Company Registration Number must be given. In the case of corporate Applicants, the common seal of the company should be affixed and attested as required by the Articles of Association of such Applicant.

(x) Application Forms may be signed by a third party on behalf of the Applicant(s) provided that such person holds the Power of Attorney of the Applicant(s). In the case of Applications made under Powers of Attorney, a copy of the said Power of Attorney, certified by a Notary Public as “True Copy” should be attached with the Application Form. The original of the Power of Attorney should not be attached.

(xi) Remittance of Funds for the investments in Debentures and the payment for Debentures by non-residents should be routed through an Inward Investment Account ('IIA') [formerly known as Securities Investment Accounts] of the non-residents opened and maintained in any designated foreign currency or Sri Lanka Rupees in a Licensed Commercial Bank in Sri Lanka in accordance with directions given by the Director of the Department of Foreign Exchange of the CBSL in that regard to Licensed Commercial Banks. An endorsement by way of a letter by the Licensed Commercial Bank in Sri Lanka in which the Applicant maintains the IIA, should be attached to the Application Form to the effect that such payment through bank draft/RTGS has been made out of the funds available in the IIA.

(xii) Non-residents should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and may be affected by the laws of the jurisdiction of their residence. If the non-resident Applicants wish to apply for the Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

(xiii) As per the Foreign Account Tax Compliance Act ("FATCA") "U.S. Persons" must provide the duly completed declaration as per the specimen given in Annexure D together with the Application Form. Under the provisions of FATCA, "U.S. Persons" include:

- U.S. Citizens (including an individual born in U.S. but resident in another country who has not renounced U.S. citizenship)
- A lawful citizen of the U.S.
- A person residing in the U.S.
- A person who spends certain number of days in the U.S. each year (more than 183 days)
- U.S. Corporations, estates and trusts
- Any entity that has a linkage or ownership to U.S. or U.S. territories
- Non U.S. entities that have at least one U.S. Person as a "substantial beneficial owner"

(xiv) Applicants who wish to apply through their margin trading accounts should submit the Application in the name of the "Margin Provider/ Applicants name" signed by the margin provider. If the Applicant wishes the Debentures to be deposited in the CDS margin trading account, the relevant CDS account number relating to the margin trading account should be indicated in the space provided in the Application Form. A copy of the margin trading agreement must be submitted along with the Application.

Margin Providers can apply under their own name and such Applications will not be considered as multiple Applications.

**ALL APPLICANTS SHOULD INDICATE THEIR CDS ACCOUNT NUMBER IN THE SPACE PROVIDED ON THE APPLICATION FORM**

Please note that Applicant information such as full name, address, NIC number/ passport number/ company registration number, email address, mobile number, bank account number and residency will be downloaded from the database of CDS, based on the CDS account number indicated in the Application Form. Such information will take precedence over information provided in the Application Form. Therefore, Applicants are advised to ensure that the full name, address, NIC number/ passport number/ company registration number and residency status mentioned in the Application Form tallies with the same provided in the CDS account mentioned in the Application Form. Furthermore, investors are strongly advised to maintain Key Information in the CDS system (i.e. email address, mobile number and bank account number) up to date.

In case of joint Applicants, a joint CDS account in the name of the joint Applicants should be indicated.

Application Forms stating third party CDS accounts, instead of the Applicant's own CDS account number (except in the case of margin trading), will be rejected.

## 6.0 PROCEDURE FOR APPLICATION

Care must be taken to follow the instructions on the reverse of the Application Form. Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible or incomplete may be rejected. The Bank/ CDS/ Trading Participant of the CSE reserve the right to ask for additional information to satisfy itself that the Applicant is a Qualified Investor. Please note that Allotment of Debentures will only be made if the Applicant has a valid CDS account at the time of submission of the Application.

Please note that upon the allotment of Debentures under this Issue, the allotted Debentures would be credited to the Applicant's CDS account so indicated. Please note that DEBENTURE CERTIFICATES SHALL NOT BE ISSUED.

Any Application which does not carry a valid CDS account number or indicates a number of a CDS account which is not opened at the time of the closure of the subscription list or which indicates an inaccurate/incorrect CDS account number, will be rejected and no allotment will be made.

You can open a CDS account through any Trading Participant of the CSE as set out in Annexure B or through Custodian Banks set out in Annexure C.

Application Forms duly completed filled in accordance with the instructions thereof, together with the remittance (cheque, bank draft, bank guarantees, electronic fund transfer confirmations) for full amount payable on Application should be enclosed in a sealed envelope marked "Commercial Bank of Ceylon PLC – Debenture Issue 2026" on the top left-hand corner and be addressed to the Registrars to the Issue (the address of which is stated below) and dispatched by post or courier or delivered by hand to either the Registrars to the Issue or the collection points set out in Annexure B.

**Registrars to the Issue**
SSP Corporate Services (Private) Limited
No. 101, Inner Flower Road
Colombo 03, Sri Lanka

Persons who are not certain of the method of remittance should consult Bankers, Brokers, Managers to the Issue and Registrars to the Issue.

All Applications delivered by hand to any collection point set out in Annexure B should reach the office of the Registrars to the Issue at least by 4.30 p.m. on the Issue Closing Date and applications dispatched by post or currier should reach the office of the Registrars to the Issue at least by 4.30 p.m. on the succeeding working day immediately following the Issue Closing Date. Applications received after the said periods will be rejected even though they have been delivered to any collection point prior to the Issue Closing Date or carry a postmark dated prior to the Issue Closing Date.

If cheques are not realised within Two (2) Market Days of the Issue Closing Date, such Applications may be rejected in order to facilitate the completion of the allotment.

Applications delivered by hand after the Issue is closed will be rejected.

**Submission of Applications by Non-Residents**

In a situation where the non-resident Applicants cannot deliver the Application Forms by hand to the Managers to the Issue, Trading Participants of the CSE or Registrars to the Issue before the Closure Date can adhere to the below mentioned procedure.

## 6.0 PROCEDURE FOR APPLICATION

Scanned copies of the Application Forms properly and legibly filled in accordance with the instructions thereof, along with the information regarding the payment as mentioned in Section 6.2 (xi – xiv) by non-resident Applicants should be emailed to **investment_banking@combank.net by 4.30 p.m. on the Closure Date.** Subsequently, the Original Documents related to the Submission by non-resident Applicants should be sent to the Managers to the Issue **within seven (07) market days succeeding the Closure Date** (Including the Closure Date).

Payment for Debentures by non-residents should be made only out of the monies available to the credit of an "Inward Investment Account" (IIA) mentioned as in Section 6.2 (xi).

### 6.3 MINIMUM APPLICATION

The minimum subscription for Qualified Investors per Application is Rupees Ten Thousand (Rs. 10,000/-) or One Hundred (100) Debentures, other than in the case of individual Qualified Investors.

The minimum subscription requirement applicable for an individual Qualified Investor applying for Basel III Compliant Debt Securities shall be Rupees Five Million (LKR 5,000,000/-). Please refer the definition of individual Qualified Investors in subsection (k) under the Qualified Investors definition in section 2.0: Definitions Related to the Issue.

Applications in excess of the minimum subscription shall be in multiples of Rupees Ten Thousand (LKR 10,000/-) or One Hundred (100) Debentures.

### 6.4 MODE OF PAYMENT

Subject to 6.2 above, payment should be made separately in respect of each Application either by RTGS transfer directed through any Licensed Commercial Bank operating in Sri Lanka or an internal fund transfer within Commercial Bank of Ceylon PLC or Cheques/ Bank Drafts or Bank Guarantees drawn upon any Licensed Commercial Bank operating in Sri Lanka, as the case may be, subject to the following:

(a) Payments for Application values below Sri Lanka Rupees One Hundred Million (Rs. 100,000,000/-) should be supported by a RTGS transfer drawn upon any Licensed Commercial Bank operating in Sri Lanka or an internal fund transfer within Commercial Bank of Ceylon PLC or a bank draft or a cheque. Cheques or bank drafts should be payable to "Commercial Bank of Ceylon PLC – Debenture Issue 2026" crossed "Account Payee Only" and must be honoured on the first presentation.

(b) Payments for Application values above and inclusive of Sri Lanka Rupees One Hundred Million (Rs. 100,000,000/-) should be supported by either a;

- RTGS transfer or an internal fund transfer within Commercial Bank of Ceylon PLC with value on the date of the Issue Opening Date;
- Bank guarantee issued by a Licensed Commercial Bank; or
- Multiple bank drafts/cheques drawn upon any Licensed Commercial Bank operating in Sri Lanka, each of which should be for a value less than Sri Lanka Rupees One Hundred Million (Rs. 100,000,000/-).

Multiple RTGS or multiple internal fund transfers within Commercial Bank of Ceylon PLC or multiple cheques or multiple bank drafts will not be accepted for Application values below Sri Lanka Rupees One Hundred Million (Rs. 100,000,000/-).

(c) Cheques or bank drafts should be payable to "Commercial Bank of Ceylon PLC – Debenture Issue 2026" crossed "Account Payee Only" and must be honoured on the first presentation.

In case of bank guarantees, such bank guarantees should be issued by any Licensed Commercial Bank in Sri Lanka in favour of "Commercial Bank of Ceylon PLC – Debenture Issue 2026" in a manner acceptable to the Bank, and be valid for a minimum of One (01) month from the Issue Opening Date (i.e. July 16, 2026). Applicants are advised to ensure that sufficient funds are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Issue. It is advisable that the Applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.

In case of RTGS transfers or internal fund transfers within Commercial Bank of Ceylon PLC, such transfer should be made to the credit of “Commercial Bank of Ceylon PLC – Debenture Issue 2026” bearing account number 1001118480 at Commercial Bank of Ceylon PLC with value on the Issue Opening Date (i.e. the funds to be made available to the above account on the Issue Opening Date). The Applicant should obtain a confirmation from the Applicant’s bank, to the effect that arrangements have been made to transfer payment in full for the total value of Debentures applied for the credit of “Commercial Bank of Ceylon PLC – Debenture Issue 2026” bearing account number 1001118480 at Commercial Bank of Ceylon PLC with value on the Issue Opening Date (i.e. the funds to be made to the above account on the Issue Opening Date) and should be attached with the Application Form.

For RTGS transfers or internal fund transfers within Commercial Bank of Ceylon PLC, an interest rate of 7.50% per annum (on actual/actual basis) will be paid from the date of such transfer up to the Date of Allotment.

However, no interest will be paid for funds prior to the Issue Opening Date, if those fund transfers are effected prior to the Issue Opening Date.

No interest will be paid if the RTGS transfers or internal fund transfers within Commercial Bank of Ceylon PLC are not realised before 4.30 p.m. of the Issue Closing Date.

SLIPS and CEFTS transfers will not be accepted as a mode of payment.

(d) Cash will not be accepted.

(e) Payment for the Debentures by non-residents should be routed through an IIA opened and maintained in any designated foreign currency or Sri Lanka Rupees with any Licensed Commercial Bank in Sri Lanka in accordance with directions given by the Director of the Department of Foreign Exchange of the CBSL in that regard to Licensed Commercial Banks. An endorsement by way of a letter by the Licensed Commercial Bank in Sri Lanka in which the Applicant maintains the IIA, should be attached to the Application Form to the effect that such payment through bank draft/ RTGS has been made out of the funds available in the IIA.

(f) The amount payable should be calculated by multiplying the number of Debentures applied for by the Par Value (Rs. 100/-). If there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft or bank guarantee, the Application will be rejected.

(g) In the event that cheques are not realised within 2 Market Days from Issue Closing Date, the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid.

(h) All cheques/ bank drafts received in respect of the Applications for Debentures will be banked commencing from the Market Day immediately following the Issue Closing Date. Payments in any form other than as mentioned above will not be accepted.

(i) Applications should not be posted, couriered or hand delivered to any other address.

## 6.5 REJECTION OF APPLICATIONS

Application Forms and the accompanying RTGS transfers or internal fund transfers within Commercial Bank of Ceylon PLC/ cheques/ bank drafts or bank guarantees which are illegible or incomplete in any way and/or not in accordance with the terms, conditions and instructions, set out in this Prospectus and in the Application Form will be rejected at the sole discretion of the Bank.

Applications received from Applicants who are under the age of 18 years or in the names of sole proprietorships, partnerships and unincorporated trusts will also be rejected.

Any Application Form, which does not state a valid CDS account number will be rejected.

Any Application Form, which is accompanied by a CEFTS or SLIPS transfer will be rejected, due to the complexity of reconciliation.

Any Application Form, which is accompanied by a cheque/bank draft or bank guarantee, where there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft or bank guarantee will be rejected.

Any Application Form from a non-Qualified Investor will also be rejected.

Any Applicant who has applied for more than one type of Debentures in a single Application Form will be rejected.

Any Applicant who has submitted multiple applications for one type of Debentures will be rejected.

Any Application Form with more than Three (03) natural persons as joint Applicants for Debentures will be rejected.

All Applications delivered by hand should reach the office of the Registrars to the Issue at least by 4.30 p.m. on the Issue Closing Date. If cheques are not realised within Two (02) Market Days of the Issue Closing Date, such Applications may be rejected in order to facilitate the completion of the allotment.

Cheques must be honoured on first presentation for the Application to be valid. In the event cheques are dishonoured/ returned on first presentation, such Applications will be rejected.

Applications delivered by hand to the Registrar of the Issue after 4.30 p.m. on the Issue Closing Date will be rejected.

Applications received at the Registrar's office by post or courier after 4.30 p.m. on the succeeding working day immediately following the Issue Closing Date, will also be rejected even if they carry a post mark dated prior to the Issue Closing Date.

Applications delivered to any collection point set out in Annexure B should reach the office of the Registrars to the Issue by at least 4.30 p.m. on the Issue Closing Date. Applications received after the said period will be rejected even though they have been delivered to any collection point prior to the Issue Closing Date or carry a postmark dated prior to the Issue Closing Date.

The Original documents related to the scanned copies of the Application Forms properly and legibly filled and submitted by non-resident Applicants must be delivered to the Managers to the Issue **within seven (07) market days succeeding the Closure Date (Including the Closure Date).** Any such application by non-residents shall be rejected if the original documents are not submitted within the stipulated time period.

## 6.6 BANKING OF PAYMENTS

All cheques or bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Market Day immediately after the Issue Closing Date, in terms of the CSE Listing Rules.

## 6.7 BASIS OF ALLOTMENT

(i) The Debt Securities offered hereunder shall be allotted only to Qualified Investors as defined in the Listing Rules of the Colombo Stock Exchange, on a basis to be determined by the Entity and the secondary trading in such Debt Securities shall be limited to Qualified Investors as defined in conformity with the definition set out in CSE Listing Rules.

(ii) The Bank reserves the right to refuse/ reject any Application or to accept any Application in part only, without assigning any reason thereto.

(iii) In the event of an oversubscription, the basis of allotment will be decided by the Board of Directors of the Bank in a fair and equitable manner and notified to the CSE. The successful Applicants will be notified about their allotment within Ten (10) Market Days from the Issue Closing Date. The authorised personnel appointed by the Board, however, reserve the right to allocate up to 75% of the Issue value on a preferential basis, to identified Qualified Investors of strategic importance to the Bank.

(iv) Cheques received by post with Applications up to the day succeeding the Issue Closing Date will be banked, provided that such cheques and Applications are received prior to 4.30 p.m. on the day succeeding the Issue Closing Date.

(v) The Bank reserves the right to reject all cheques, which are not realised on first presentation.

(vi) Cheques received with the Applications on the day the Issue is fully subscribed and/ or the day the Issue is closed also shall be banked and upon realisation the Applicants may be allotted with Debentures in the same manner along with the Applicants whose Applications were received prior to such date. However, if cheques are not realised on first presentation after the closing of the Issue, such Applications may be rejected in order to facilitate the completion of the allotments.

(vii) Unsuccessful Applicants

In the event an Application is accepted only in part, the balance of the monies received on Application will be refunded. Refunds on Debentures that have not been allotted either in full or part will be made on or before the expiry of Eight (08) Market Days from the Issue Closing Date (excluding the Issue Closing Date) as required by the CSE Listing Rules. Applicants would be entitled to receive interest at the last quoted AWPLR published by the CBSL plus 5%, on any refunds not made by the expiry of the above mentioned period.

(viii) Number of Debentures to be allotted to identified Qualified Investor/ s of strategic importance, on a preferential basis will not exceed 75% of the total number of Debentures to be issued under this Prospectus under any circumstances, unless there is an undersubscription from other Qualified Investors (investors that do not fall under preferential category). In the event of such undersubscription, the other investor category to be allotted in full and any remaining Debentures to be allotted to identified Qualified Investor/ s of strategic importance.

Further, the Bank will allot the remaining number of Debentures (excluding the preferential allotment of 75%), in a fair and equitable manner among other Qualified Investors.

## 6.8 REFUND OF PAYMENTS AND DEPOSITS TO THE CDS

In the event an Application is accepted only in part, the balance of the monies received on Application will be refunded. Refunds on rejected Applications or partly allotted Debentures will be made on or before the expiry of Eight (08) Market Days from the Issue Closing Date (excluding the Issue Closing Date) as required by the CSE Listing Rules. Applicants would be entitled to receive interest at the last quoted AWPLR published by the CBSL plus 5%, on any refunds not made by the expiry of the above mentioned period.

If the Applicant has provided accurate and complete details of his bank account in the Application, the Bankers to the Issue will make refund payments up to and inclusive of Sri Lanka Rupees Five Million (Rs. 5,000,000/-) to the bank account specified by the Applicant, through SLIPS and a payment advice will be sent.

In the event of refunds over Rupees Five Million (Rs. 5,000,000/-), if the Applicant has provided accurate and complete details of his bank account in the Application, refunds will be made via RTGS.

In the event the Applicant has not provided accurate and correct details of his bank account in the Application or if the Applicant has not provided details of the bank account in the Application Form, the bank will make such refund payment to the Applicant by way of a cheque crossed "Account Payee only" and sent by post under registered cover at the risk of the Applicant.

Funds received from non-residents via IIA accounts will be refunded to their respective IIA accounts in the event there are refunds to be made, subject to the requirement that it is the responsibility of the non-resident Applicants to ensure that the details of the IIA account through which the funds are received for subscription to the Debentures, are identical to the IIA account details disclosed in the Application form as well as provided to the CDS.

## 6.9 DIRECT LODGEMENT WITH THE CDS AND SECONDARY MARKET TRADING

The Bank shall credit the CDS Account with the Debentures allotted within a period of Twelve (12) Market Days from the Issue Closing Date.

A written confirmation of the credit will be dispatched to the Applicant within Two (2) Market Days of crediting the CDS account, by ordinary post to the address provided by each Applicant.

In terms of CSE Listing Rules, the Bank shall submit to the CSE a "Declaration" as set out in the Listing Rules on the Market Day immediately following the day on which the Applicants' CDS Accounts are credited with the Debentures.

The Debentures shall be listed on or before the Third (03) Market Day from the receipt of the "Declaration" by the CSE.

# 7.0 THE BANK

## 7.1 OVERVIEW OF THE BANK

Commercial Bank operates a network of over 270 branches and over 950 automated machines in Sri Lanka. The Bank has won multiple awards as Sri Lanka's Best Bank, Best Trade Bank, Strongest Bank, Most Respected Bank, Most Responsible Bank from a number of local and international institutions and publications over several years.

Commercial Bank ranks 1st in terms of the Market Capitalisation among all listed banks in Sri Lanka, pursuant to an analysis carried out by the Bank based on the information published in "CSE Daily" by the Colombo Stock Exchange on July 10, 2026.

Commercial Bank demonstrates expertise in the spheres of retail and corporate banking. The Bank offers a wide array of financial products and services, ranging from savings accounts targeted at children, teens, youth, women, executives to the senior citizens, Foreign Currency products, an extensive portfolio of financial products and services including Leasing, SME and micro-financing, Bancassurance, Islamic Banking, Investment Banking, Banking for High Net Worth Individuals, Credit & Debit Cards, Bills & Bonds, Corporate Banking products along with Trade Finance services.

The Bank also has introduced a multitude of innovative digital banking solutions. These range from Online Banking to Mobile Banking, along with SMS Banking, Mobile Phone Cash Top Up facility and overseas SWIFT Money Remittance Services through which Commercial Bank has improved "Banking Convenience" in the country. The Bank also has innovative Automated Banking Centres, Self-service Touch Screens in Branches and Automated Instant Cash and Cheque Deposit Machines along with ATMs which offer utility bill payment facilities in addition to cash withdrawals.

The Corporate Social Responsibility Trust of the Commercial Bank of Ceylon PLC is an initiative aimed at uplifting the lives of communities across the country. Understanding that the smallest actions if done with purpose and dedication have the potential to bring about monumental change, Commercial Bank's commitment goes well beyond the financial domain. The Bank annually allocates a percentage of its profits to the CSR Trust of the Bank.

Commercial Bank's overseas operations include Bangladesh, where the Bank operates 20 outlets; Myanmar, where it operates a Microfinance company in Nay PyiTaw; and the Maldives, where the Bank has a fully-fledged Tier I Bank with a majority stake and a representative office in the Dubai International Financial Centre (DIFC).

**VISION**

To be the most technologically advanced, Innovative and customer friendly financial services organisation in Sri Lanka, poised for further expansion in South Asia.

**MISSION**

Providing reliable, innovative, customer friendly financial services, utilising cutting edge technology and focusing continuously on productivity improvement whilst developing our staff and acquiring necessary expertise to expand locally and regionally.

## 7.2 NATURE OF OPERATIONS

To carry on;

(a) Domestic banking business including foreign currency banking business in areas specified in Schedule II of the Banking Act No. 30 of 1988 (as amended) ("Banking Act").

(b) Off-shore banking business as detailed in part IV of the said Banking Act.

Licenses to carry out banking business do not have a date of expiry. The license fee is, however, payable on an annual basis.

## 7.3 BOARD OF DIRECTORS

The Directors of the Company as at the date of the Prospectus are given below:

| Name | Address | Designation |
|---|---|---|
| Mr. S. Muhseen | No.112/ 6, Barnes Place, Colombo 07. | Chairman<br>Independent/ Non-Executive Director |
| Mr. R. Senanayake | No. 297 D, Kothalawala, Kaduwela. | Deputy Chairman<br>Independent/ Non-Executive Director |
| Mr. S. C. U. Manatunge | No. 27, Queen's Road, Colombo 03. | Managing Director/ Chief Executive Officer<br>Non-Independent/ Executive Director |
| Ms. J. Lee | 10 West Street, # 29 G, New York, 10004, United States of America. | Independent/ Non-Executive Director |
| Ms. D. L. T. S. Wijewardena | No. 22, 1st Cross Road, Maradana Road, Hendala. | Independent/ Non-Executive Director |
| Dr. S. Selliah | No.114/ 5, Rosmead Place, Colombo 07. | Independent/ Non-Executive Director |
| Mr. D. N. L Fernando | No. 118/ 2, Pitakanda Road, Kandy | Independent/ Non-Executive Director |
| Mr. P. M. Kumarasinghe | No. 615/ 10, Rajagiriya Gardens, Nawala Road, Rajagiriya. | Independent/ Non-Executive Director |
| Mr. P. Y. S. Perera | No. 65/ 6, "Sunshine Court", Gothami Road, Colombo 08. | Independent/ Non-Executive Director |
| Ms. R. M. A. S. Parakrama | No. 268/1A, Hokandara Road, Thalawathugoda. | Independent/ Non-Executive Director |
| Mr. L. H. Munasinghe | No. 2/1/3, Trillium Residencies, No. 153, Elvitigala Mawatha, Colombo 08. | Executive Director/ Chief Operating Officer<br>Non-Independent/ Executive Director |

## 7.4 MAJOR SHAREHOLDINGS AS AT MARCH 31, 2026

20 Largest Holders of Ordinary Voting Shares of the Bank:

| | Name of Shareholder | Number of Shares | Percentage of Voting Capital |
|---|---|---|---|
| 1. | Mr. Y. S. H. I. Silva | 153,026,437 | 9.93 |
| 2. | Mr. D. P. Pieris | 148,424,191 | 9.63 |
| 3. | DFCC Bank PLC A/C 1 | 148,302,476 | 9.62 |
| 4. | Employees' Provident Fund | 112,533,469 | 7.30 |
| 5. | CB NY S/A International Finance Corporation | 108,734,867 | 7.06 |
| 6. | Sri Lanka Insurance Corporation Ltd-Life Fund | 77,138,564 | 5.01 |
| 7. | Melstacorp PLC | 63,693,977 | 4.13 |
| 8. | CB NY S/A IFC Emerging Asia Fund. LP | 56,056,359 | 3.64 |
| 8. | CB NY S/A IFC Financial Institutions Growth Fund. LP | 56,056,359 | 3.64 |
| 10. | Sri Lanka Insurance Corporation Ltd-General Fund | 54,092,459 | 3.51 |
| 11. | Renuka Hotels PLC | 20,356,520 | 1.32 |
| 12. | Cargo Boat Development Company PLC | 14,296,344 | 0.93 |
| 13. | Est. of Late M. J. Fernando | 13,740,204 | 0.89 |
| 14. | BNYMSANV Re-Magna Umbrella Fund PLC | 12,898,143 | 0.84 |
| 15. | Renuka Consultants & Services Limited | 12,292,358 | 0.80 |
| 16. | Hatton National Bank PLC/ Phantom Investments (Private) Limited | 11,788,966 | 0.77 |
| 17. | Metrocorp (Pvt) Ltd | 11,195,895 | 0.73 |
| 18. | Ayenka Holdings (Private) Limited | 10,105,215 | 0.66 |
| 19. | DFCC Bank PLC/ Y. S. H. R. S. Silva | 10,095,061 | 0.66 |
| 20. | Employees Trust Fund Board | 9,482,377 | 0.62 |

## 7.0 THE BANK

20 largest holders of Ordinary Non-Voting Shares of the Bank:

| Name of Shareholder | | Number of Shares | Percentage of Non-voting Capital |
|---|---|---|---|
| 1. | Akbar Brothers (Pvt) Ltd | 6,588,948 | 6.84 |
| 2. | Employees Trust Fund Board | 3,925,812 | 4.07 |
| 3. | Mr. A. L. Gooneratne joint with Mrs. C. Gooneratne | 2,027,023 | 2.10 |
| 4. | Mr. T. W. A. Wickramasinghe joint with Mrs. N. Wickremasinghe | 1,921,000 | 1.99 |
| 5. | Saboor Chatoor (Pvt) Ltd | 1,670,000 | 1.73 |
| 6. | Mr. M. F. Hashim | 1,535,324 | 1.59 |
| 7. | Mr. A. P. Somasiri | 1,522,000 | 1.58 |
| 8. | Mrs. L. V. C. Samarasinha | 1,459,013 | 1.51 |
| 9. | Mr. E. Chatoor | 1,355,000 | 1.41 |
| 10. | Quick Tea (Pvt) Ltd | 1,288,480 | 1.34 |
| 11. | Mr. R. Gautam | 1,247,900 | 1.30 |
| 12. | Swastika Mills Ltd | 1,049,012 | 1.09 |
| 13. | Mr. K. S. M. De Silva | 1,032,453 | 1.07 |
| 14. | Mr. J. D. Bandaranayake Joint with Miss. N. Bandaranayake and Dr. V. Bandaranayake | 993,663 | 1.03 |
| 15. | J. B. Cocoshell (Pvt) Ltd | 992,311 | 1.03 |
| 16. | Mr. J. D. Bandaranayake, joint with Dr. V. Bandaranayake and Miss I. Bandaranayake | 968,893 | 1.01 |
| 17. | Est. of Late M. J. Fernando | 946,615 | 0.98 |
| 18. | Seylan Bank PLC/ G. A. Bhanuka Harischandra | 881,321 | 0.91 |
| 19. | Mr. A. H. Munasinghe joint with Miss. A. V. K. Munasinghe | 830,723 | 0.86 |
| 20. | Mr. A. H. Munasinghe joint with Mr. A. R. R. Munasinghe | 780,643 | 0.81 |

## 7.5 DETAILS OF OTHER DEBT SECURITIES IN ISSUE

Details of Subordinated debentures (fixed rate) in issue as at March 31, 2026 are given below:

| Categories | CSE Listing | Interest payable frequency | Allotment date | Maturity date | Includes a non-viability conversion feature | Balance (LKR '000) (Unaudited) |
|---|---|---|---|---|---|---|
| 2016/ 2026 – 12.25% p.a. | Listed | Semi Annually | 28.10.2016 | 27.10.2026 | | 1,928,200 |
| 2018/ 2028 – 12.50% p.a. | Listed | Semi Annually | 23.07.2018 | 22.07.2028 | √ | 1,606,160 |
| 2021/ 2026 – 9.00% p.a. | Listed | Semi Annually | 21.09.2021 | 20.09.2026 | √ | 4,237,470 |
| 2021/ 2028 – 9.50% p.a. | Listed | Semi Annually | 21.09.2021 | 20.09.2028 | √ | 4,358,000 |
| 2022/ 2027 – 28.00% p.a. | Listed | Semi Annually | 12.12.2022 | 11.12.2027 | √ | 6,724,680 |
| 2022/ 2029 – 27.00% p.a. | Listed | Semi Annually | 12.12.2022 | 11.12.2029 | √ | 3,263,820 |
| 2022/ 2032 – 22.00% p.a. | Listed | Semi Annually | 12.12.2022 | 11.12.2032 | √ | 11,500 |
| 2023/ 2028 – 14.50% p.a. | Listed | Semi Annually | 20.12.2023 | 19.12.2028 | √ | 2,132,400 |
| 2023/ 2028 – 15.00% p.a. | Listed | Annually | 20.12.2023 | 19.12.2028 | √ | 7,558,090 |
| 2023/ 2030 – 13.75% p.a. | Listed | Semi Annually | 20.12.2023 | 19.12.2030 | √ | 32,980 |
| 2023/ 2030 – 14.25% p.a. | Listed | Annually | 20.12.2023 | 19.12.2030 | √ | 817,760 |
| 2023/ 2033 – 13.50% p.a. | Listed | Semi Annually | 20.12.2023 | 19.12.2033 | √ | 30,840 |
| 2023/ 2033 – 14.00% p.a. | Listed | Annually | 20.12.2023 | 19.12.2033 | √ | 1,427,930 |
| 2024/ 2029 – 12.60% p.a. | Listed | Semi Annually | 10.07.2024 | 09.07.2029 | √ | 1,427,250 |
| 2024/ 2029 – 13.00% p.a. | Listed | Annually | 10.07.2024 | 09.07.2029 | √ | 12,455,160 |
| 2024/ 2031 – 12.85% p.a. | Listed | Semi Annually | 10.07.2024 | 09.07.2031 | √ | 139,670 |
| 2024/ 2031 – 13.25% p.a. | Listed | Annually | 10.07.2024 | 09.07.2031 | √ | 368,890 |
| 2024/ 2034 – 13.00% p.a. | Listed | Semi Annually | 10.07.2024 | 09.07.2034 | √ | 73,040 |
| 2024/ 2034 – 13.50% p.a. | Listed | Annually | 10.07.2024 | 09.07.2034 | √ | 5,535,990 |
| **Total** | | | | | | 54,129,830 |

Details of Subordinated Green Bonds (fixed rate) in issue as at March 31, 2026 are given below:

| Categories | CSE Listing | Interest payable frequency | Allotment date | Maturity date | Includes a non-viability conversion feature | Balance (LKR '000) (Unaudited) |
|---|---|---|---|---|---|---|
| 2025/ 2030 – 10.55% p.a. | Listed | Semi Annually | 12.08.2025 | 11.08.2030 | √ | 801,940 |
| 2025/ 2030 – 10.85% p.a. | Listed | Annually | 12.08.2025 | 11.08.2030 | √ | 13,408,130 |
| 2025/ 2032 – 10.85% p.a. | Listed | Semi Annually | 12.08.2025 | 11.08.2032 | √ | 40,300 |
| 2025/ 2032 – 11.15% p.a. | Listed | Annually | 12.08.2025 | 11.08.2032 | √ | 324,770 |
| 2025/ 2035 – 11.00% p.a. | Listed | Semi Annually | 12.08.2025 | 11.08.2035 | √ | 109,420 |
| 2025/ 2035 – 11.30% p.a. | Listed | Annually | 12.08.2025 | 11.08.2035 | √ | 315,440 |
| **Total** | | | | | | 15,000,000 |

The above-mentioned holders of debentures/ green bonds are entitled to receive the principal sum on the date of maturity/ redemption and interest on the debentures/ green bonds as per the provisions set out and stated in the prospectus issued in relation to the respective debentures. The holders of the said debentures/ green bonds are not entitled to any special rights or any privileges or rights of the Shareholders of the Bank, including the right to receive notice, attend and vote at any General Meeting of the Bank, receive any dividend or distributions or share the profits of the Bank or to participate in any surplus assets of the Bank in the event of liquidation.

The Borrowings of the Bank as at March 31, 2026 are as follows:

| Category | Rs. Mn. (Unaudited) |
|---|---|
| Due to banks | 58,924 |
| Securities sold under repurchase agreements | 108,493 |
| Financial liabilities at amortised cost – other borrowings | 20,755 |
| Subordinated liabilities | 73,309 |
| **Total** | 261,481 |

There were no leasing, lease purchase or hire purchase commitments or mortgages or charges on the assets of the Bank as at March 31, 2026.

**DETAILS OF CONVERTIBLE DEBT SECURITIES**

The Bank does not have any outstanding convertible debt securities other than those debentures as disclosed above.

## 7.6 CONTINGENT LIABILITIES, DETAILS OF PENALTIES IMPOSED BY REGULATORY AND STATE AUTHORITIES AND LITIGATION AGAINST THE BANK

**CONTINGENT LIABILITIES**

In the normal course of business, the Bank makes various irrevocable commitments and incurs certain contingent liabilities with legal recourse to its customers. Even though these obligations may not be recognised on the date of the statement of financial position, they do contain credit risk and are therefore part of the overall risk profile of the Bank.

Contingent liabilities of the Bank as at March 31, 2026:

| Category | Rs. Mn. (Unaudited) |
|---|---|
| Guarantees | 109,948 |
| Bonds | 45,316 |
| Documentary credits and acceptance | 193,985 |
| Forward exchange and currency swaps | 270,848 |
| Other contingencies | 350,074 |
| **Total** | 970,171 |

**LITIGATION AGAINST THE BANK**

Litigation is a common occurrence in the banking industry due to the nature of the business. The Bank has an established protocol for dealing with such legal claims. In respect of pending legal claims where the Bank had already made provisions for possible losses in its Financial Statements or has a realisable security to cover the damages, these are not included below as the Bank does not expect cash outflows from such claims. However, further adjustments will be made to the Financial Statements if necessary on the adverse effects of legal claims based on the professional advice obtained on the certainty of the outcome and also based on a reasonable estimate.

Set out below are the unresolved legal claims against the Bank as at July 06, 2026 for which, adjustments to the Financial Statements have not been made due to the uncertainty of their outcomes. In addition, there are cases filed against the Bank that have not been listed here on the basis of non-materiality to operations.

1. An appeal was filed by the Bank under proceedings number HCALT 405/2014 in the Provincial High Court of the Eastern Province against the order of the Labour Tribunal for payment of compensation and reinstatement in employment of an outsourced office helper. The office helper too filed a case in the Provincial High Court in proceedings number HCALT404/2014 refusing compensation and asking for reinstatement. The appeal made by the Bank was dismissed and case filed by the outsourced office helper was decided in his favour. The Bank has appealed in the Supreme Court against the judgement of both cases under proceedings number SC/ Appeal/ 203/ 17 and SC/ Appeal/ 204/ 17. The cases are re-fixed for argument on July 25, 2026.
2. Court action has been initiated by a previous security services provider of the Bank in the High Court under proceedings number 591/17/MR to recover a sum of Rs. 14.874 Mn., being the increment in salaries paid to the workers by the Company, under the Budgetary Relief Allowance of Workers Act No. 4 of 2016. This is fixed for written submissions and corrections of proceedings on July 15, 2026.
3. Court action has been instituted by an elite Customer of the Bank in the District Court of Colombo under proceedings number DMR/1423/2020 to recover a sum of US$ 250,000/- or equivalent in LKR together with legal interest thereon as damages caused by a bank guarantee alleged to have been obtained from another bank on the advice of the Commercial Bank which the Plaintiff could not claim from the issuing Bank. The case is fixed for further trial on July 17, 2026 and July 23, 2026.

## 7.7 MANAGEMENT AGREEMENTS

There are no management agreements entered into by the Bank as at the Prospectus date nor are any such agreements being considered.

## 7.8 STATED CAPITAL

The Stated Capital of the Bank is as below:

| Stated Capital | December 31, 2025 | March 31, 2026 (Unaudited) |
|---|---|---|
| Balance (LKR ’000) | 91,557,690 | 95,285,816 |
| Number of Ordinary Voting Shares | 1,539,161,949 | 1,540,928,679 |
| Number of Ordinary Non-Voting Shares | 96,341,685 | 96,341,685 |

## 7.9 DETAILS OF MATERIAL CONTRACTS TO THE BANK

The Bank has not entered into any material contracts other than contracts entered into in the ordinary course of business as at the date of this Prospectus.

## 7.10 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

This Committee was formed by the Board to assist the Board in reviewing all the related party transactions carried out by the Bank and its listed companies in the Group by adopting the Code of Best Practice on Related Party Transactions as issued by the SEC of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange.

This Committee currently comprises the following Directors:

| | |
|---|---|
| Mr. P. M. Kumarasinghe (Chairman) | Independent/ Non-Executive Director |
| Ms. D. L. T. S. Wijewardena | Independent/ Non-Executive Director |
| Mr. P. Y. S. Perera | Independent/ Non-Executive Director |
| Mr. S. C. U. Manatunge (by Invitation) | Managing Director/ Chief Executive Officer<br>Non-Independent/ Executive Director |
| Mr. L. H. Munasinghe (by Invitation) | Executive Director/ Chief Operating Officer<br>Non-Independent/ Executive Director |

# 8.0 FINANCIAL INFORMATION

## 8.1 FINANCIAL STATEMENTS AND FINANCIAL SUMMARY

The following financial information of the Bank (Stock code – COMB) is available on the website of CSE (www.cse.lk) and the website of the Bank (www.combank.lk):

– Audited Financial Statements of the Bank for the financial year ended December 31, 2025.

– Interim Financial Statement of the Bank for the Three (03) months ended March 31, 2026.

– Summarised Financial Statements for the five years preceding the date of the application (i.e. for the financial years ending December 31, 2025, 2024, 2023, 2022 & 2021) stating the accounting policies adopted by the entity certified by the Auditors, qualifications carried in any of the Auditors' reports covering the period in question and any material changes in accounting policies during the relevant period.

## 8.2 FINANCIAL RATIOS OF THE BANK

| As at 31 December | 2021 | 2022 | 2023 | 2024 | 2025 | March 31, 2026 (Unaudited) |
|---|---|---|---|---|---|---|
| Debt/ Equity Ratio % * | 23.74 | 34.02 | 16.97 | 20.96 | 22.61 | 22.38 |
| Interest Cover Ratio (Times)** | 13.18 | 7.31 | 8.84 | 17.54 | 13.23 | 14.40 |

$$* \frac{\text{Debentures and other term debt}}{\text{Total Equity}}$$

$$** \frac{\text{Profit Before Depreciation, Interest and Tax}}{\text{Interest on Debentures and other term borrowings}}$$

## 8.3 DIVIDEND POLICY

The Bank's dividend policy is designed to address multiple objectives. The main considerations were to maximise the shareholder wealth, increase market capitalisation, plough back additional profits for business expansion and maintain a consistent stream of dividends to shareholders while complying with the statutory requirements in relation to capital adequacy.

The Board of Directors, subject to the provisions of the Banking Act, may recommend and declare Dividends to the shareholders from and out of the profits of the Bank. The Dividend rate will be determined based on a number of factors including but not limited to the Bank's earnings, capital requirements and overall financial condition of the economy.

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Dividend per Share (LKR)* | 7.50 | 4.50 | 6.50 | 9.50 | 10.50 |

* Including cash and scrip dividends.

## 8.4 DEBT SERVICING DETAILS OF THE BANK

The details of the Debenture interest payments made during past five years are given below.

| LKR ('000) | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| Gross interest due on Debentures | 3,422,766 | 4,283,280 | 6,249,529 | 6,017,352 | 8,605,067 |
| Debenture interest paid on due date | 3,422,766 | 4,283,280 | 6,249,529 | 6,017,352 | 8,605,067 |
| Debenture interest paid after due date | – | – | – | – | – |
| Debenture interest not paid as of due date | – | – | – | – | – |

# 9.0 STATUTORY AND OTHER GENERAL INFORMATION

## 9.1 INSPECTION OF DOCUMENTS

The following documents will be made available Three (03) Market Days prior to the date of opening of the subscription list (Issue Opening Date), for inspection by the public, until the Date of Maturity of the Debentures, during normal working hours at the registered office of the Bank, “Commercial House”, 21, Sir Razik Fareed Mawatha, Colombo 01, Sri Lanka until the date of redemption of the Debentures.

a. Articles of Association

b. Trust Deed

c. Material contracts and management agreements or in the case of contracts not reduced into writing a Memorandum giving full particulars thereof

d. Reports, letters, valuations and statements by any expert any part of which is extracted or referred to in the Prospectus

e. The audited accounts of the Entity for each of the Five (05) financial years immediately preceding the publication of the Prospectus, as applicable

   The Prospectus, Trust Deed and Articles of Association of the Bank are also hosted in the Bank’s website, www.combank.lk and the Colombo Stock Exchange website, www.cse.lk from Three (03) Market Days prior to the Issue Opening Date until the Date of Redemption of the Debentures.

## 9.2 STATUTORY DECLARATIONS

**Statutory Declaration by the Directors**

We, the undersigned who are named herein as Directors of the Commercial Bank of Ceylon PLC (the "Bank"), hereby declare and confirm that we have read the provisions of CSE Listing Rules and of the Companies Act No. 07 of 2007 and any amendments thereto relating to the Issue of the Prospectus and those provisions have been complied with.

This Prospectus has been seen and approved by the Directors of the Bank and we collectively and individually accept full responsibility for the accuracy and completeness of the information given and confirm that provisions of the CSE Listing Rules and of the Companies Act No. 07 of 2007 and any amendments to it from time to time have been complied with and after making all reasonable enquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Bank have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Bank and making assumptions that are considered to be reasonable at the present point in time in the best judgement of the Directors.

An application has been made to the CSE for permission to deal in and for a listing of all Securities in a particular class issued by the Bank and those Securities of the same class which are the subject of this Issue. Such permission will be granted when the Securities are listed on the CSE. The CSE assumes no responsibility for the correctness of any of the statements made, opinions expressed, undisclosed information, reports included or omissions made in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of the Commercial Bank of Ceylon PLC or of the Securities issued.

| Name of Director | Designation | Signature |
|---|---|---|
| Mr. S. Muhseen | Chairman<br>Independent/ Non-Executive Director | Sgd. |
| Mr. R. Senanayake | Deputy Chairman<br>Independent/ Non-Executive Director | Sgd. |
| Mr. S. C. U. Manatunge | Managing Director/ Chief Executive Officer | Sgd. |
| Ms. J. Lee | Independent/ Non-Executive Director | Sgd. |
| Ms. D. L. T. S. Wijewardena | Independent/ Non-Executive Director | Sgd. |
| Dr. S. Selliah | Independent/ Non-Executive Director | Sgd. |
| Mr. D. N. L. Fernando | Independent/ Non-Executive Director | Sgd. |
| Mr. P. M. Kumarasinghe | Independent/ Non-Executive Director | Sgd. |
| Mr. P. Y. S. Perera | Independent/ Non-Executive Director | Sgd. |
| Ms. R. M. A. S. Parakrama | Independent/ Non-Executive Director | Sgd. |
| Mr. L. H. Munasinghe | Executive Director/ Chief Operating Officer | Sgd. |

## 9.0 STATUTORY AND OTHER GENERAL INFORMATION

**Statutory Declaration by the Managers to the Issue**

We, the Investment Banking Unit of Commercial Bank of Ceylon PLC, being the Managers to the Issue of the Commercial Bank of Ceylon PLC Debenture Issue 2026, hereby declare and confirm that, to the best of our knowledge and belief, the Prospectus constitutes full and true disclosure of all material facts about Commercial Bank of Ceylon PLC and the Issue.

Signed by authorised signatories of the Commercial Bank of Ceylon PLC, being duly authorised thereto, at Colombo on this date of July 10, 2026.

Signed
**Vidushini Denipitiya**
Chief Manager – Investment Banking

Signed
**Asela Wijesiriwardane**
Deputy General Manager – Treasury

**ANNEXURE A – COPY OF THE RATING CERTIFICATE**

Country Head

FitchRatings

**RATING ACTION COMMENTARY**

# Fitch Assigns Commercial Bank of Ceylon's Basel III Subordinated Debt Final 'A(lka)' Rating

Tue 07 Jul, 2026 - 5:50 AM ET

Fitch Ratings - Colombo/Singapore - 07 Jul 2026: Fitch Ratings has assigned Commercial Bank of Ceylon PLC's (COMB, AA-(lka)/Stable) proposed Sri Lankan rupee-denominated Basel III-compliant subordinated debentures of up to LKR20 billion a final National Long-Term Rating of 'A(lka)'.

The proposed debentures, which will have maturities of five, seven and 10 years, will be listed on the Colombo Stock Exchange. The bank plans to use the proceeds to further strengthen its Tier 2 capital base, reduce maturity mismatches of the balance sheet and support loan growth.

The bank expects the proposed debentures to qualify as Basel III-compliant regulatory Tier 2 capital. The debentures include a non-viability clause whereby they will convert to ordinary voting shares subject to the occurrence of a trigger event, as determined by the Governing Board of the Central Bank of Sri Lanka.

The final rating is the same as the expected rating assigned on 16 April 2026 and follows the receipt of documents conforming to information already received.

**KEY RATING DRIVERS**

Fitch rates the proposed Basel III Tier 2 debentures two notches below the bank's National Long-Term Rating anchor. This reflects Fitch's baseline notching for loss severity for this type of debt and our expectations of poor recoveries. There is no additional notching for non-performance risks, as the proposed notes do not incorporate going-concern loss-absorption features.

COMB's National Long-Term Rating is used as the anchor rating for this instrument because the rating reflects the bank's standalone financial strength and best indicates the risk of the bank becoming non-viable.

Fitch reviewed COMB's ratings with no rating action on 8 September 2025. See our latest rating action commentary, Fitch Upgrades 10 Sri Lankan Banks' National Ratings and Affirms Five after Scale Recalibration, published on 21 January 2025, for the key rating drivers and sensitivities

## RATING SENSITIVITIES

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A downgrade of the bank's National Long-Term Rating would lead to a downgrade of the subordinated debt rating.

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of the bank's National Long-Term Rating would lead to an upgrade of the subordinated debt rating.

## DATE OF RELEVANT COMMITTEE

08 September 2025

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## RATING ACTIONS

| ENTITY / DEBT | RATING TYPE | RATING | RATING ACTION | PRIOR |
|---|---|---|---|---|
| Commercial Bank of Ceylon PLC | | | | |
| subordinated | Natl LT | A(lka) | New Rating | A(EXP)(lka) |

VIEW ADDITIONAL RATING DETAILS

## FITCH RATINGS ANALYSTS

**Jeewanthi Malagala**
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Primary Rating Analyst
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## PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

## APPLICABLE CRITERIA

National Scale Rating Criteria (pub. 22 Dec 2020)

Bank Rating Criteria - Effective from 21 March 2025 to 8 May 2026 (pub. 22 Mar 2025) (including rating assumption sensitivity)

## ADDITIONAL DISCLOSURES

Solicitation Status

Endorsement Policy

Potential Conflicts Resulting from Revenue Concentrations

## ENDORSEMENT STATUS

| | |
|---|---|
| Commercial Bank of Ceylon PLC | - |

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# ANNEXURE B – COLLECTION POINTS

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Investment Banking Unit
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| | | +94 (0) 11 2 486 499 |
| Fax | : | +94 (0) 11 2 335 385 |
| E-mail | : | investment_banking@combank.net |

### ISSUING COMPANY

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| | | +94 (0) 11 5 486 000 |
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### REGISTRARS TO THE ISSUE

SSP Corporate Services (Pvt) Limited
No. 101, Inner Flower Road,
Colombo 03.

| | | |
|---|---|---|
| Tel | : | +94 (0) 11 2 573 894 |
| Fax | : | +94 (0) 11 2 573 609 |

## ANNEXURE B – COLLECTION POINTS

### TRADING PARTICIPANTS

| | |
|---|---|
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| ACS Capital (Private) Limited.<br>No.44, Guilford Crescent,<br>Colombo 07.<br>Tel : +94 11 789 8302<br>Email : info@acscapital.lk<br>Website : https://www.acscapital.lk | ACAP Stock Brokers (Private) Limited.<br>No. 17, Lauries Place,<br>Colombo 04.<br>Tel : +94 704 779 500<br>Fax : +94 112 331 756<br>EMail : info@acapstockbrokers.lk |
| Almas Equities (Pvt) Ltd.<br>Westin Tower, 5th Level, No 2-4/ 1, Lake Drive,<br>Lake Drive, Colombo 08<br>Tel : +94 707 144 551<br>: +94 11 2 673 908<br>Email : info@almasequities.com<br>Website : https://www.almasequities.com | Ambeon Securities (Private) Limited.<br>No.100/1, 2nd Floor, Elvitigala Mawatha,<br>Colombo 08.<br>Tel : +94 11 5 328 100<br>Fax : +94 11 5 328 177<br>Email : info@ambeonsecurities.lk |
| Bartleet Religare Securities (Pvt) Ltd.<br>Level "G", "Bartleet House", 65, Braybrooke Place,<br>Colombo 02.<br>Tel : +94 11 4 221 000<br>: +94 11 2 434 985<br>Email : info@bartleetstock.com<br>Website : http://www.bartleetreligare.com | Capital Alliance Securities (Pvt) Ltd.<br>6th Floor, M2M Veranda Offices, No. 34, W. A. D. Ramanayake Mawatha,<br>Colombo 02<br>Tel : +94 11 2 317 777<br>Fax : +94 11 2 317 788<br>Email : info@cal.lk<br>Website : https://cal.lk |
| Capital Trust Securities (Private) Limited.<br>No. 42, Sir Mohamed Macan Markar Mawatha,<br>Colombo 03.<br>Tel : +94 70 5 666 777/ +94 11 2 174 174<br>Fax : +94 11 2 174 173<br>Email : inquiries@capitaltrust.lk<br>Website : http://www.capitaltrust.lk | CT Smith Securities (Pvt) Ltd.<br>No. 4-14, Majestic City, 10, Station Road,<br>Colombo 04.<br>Tel : +94 11 2 552 290 - 4<br>Fax : +94 11 2 552 289<br>Email : info@ctsmith.lk<br>Website : http://www.ctsmith.lk |

## ANNEXURE B – COLLECTION POINTS

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| First Capital Equities (Pvt) Ltd.<br>Level 12, Vallible Property Building, No. 480, Galle Road,<br>Colombo 03.<br>Tel : +94 11 2 123 901<br>Email : equity@firstcapital.lk<br>Website : http://www.firstcapital.lk | First Guardian Equities (Pvt) Ltd.<br>32nd Floor, East Tower, World Trade Centre,<br>Colombo 01.<br>Tel : +94 11 446 4400<br>Email : info@fge.lk<br>Website : http://www.fge.lk |
| HNB Stockbrokers (Pvt) Ltd.<br>No. 53, Dharmapala Mawatha,<br>Colombo 03.<br>Tel : +94 11 2 206 206<br>: +94 11 2 206 298/ 9<br>Email : sales@hnbstockbrokers.lk<br>Website : http://www.hnbstockbrokers.lk | J B Securities (Pvt) Ltd.<br>150, St. Joseph Street, Colombo 14.<br>Tel : +94 11 2 490 900<br>Fax : +94 11 2 430 070<br>EMail : jbs@jb.lk<br>Website : https://www.jbs.lk |
| John Keells Stock Brokers (Pvt) Ltd.<br>186, Vauxhall Street,<br>Colombo 02.<br>Tel : +94 11 2 306 250<br>: +94 11 2 342 068<br>Email : jkstock@keells.com<br>Website : http://www.jksb.com | Lanka Securities (Pvt) Ltd.<br>3rd Floor, “M2M Veranda Offices”, No 34, W.A.D<br>Ramanayake Mawatha,<br>Colombo 02.<br>Tel : +94 11 4 706 757/ 2 554 942<br>: +94 11 4 706 767<br>Email : info@lankasec.com<br>Website : http://www.lankasecurities.com |
| LOLC Securities Ltd.<br>No.481, T.B. Jayah Mawatha,<br>Colombo 10.<br>Tel : +94 11 7 582 000<br>Fax : +94 11 2 662 883<br>Email : info@lolcsecurities.com | Nestor Stock Brokers (Pvt) Ltd<br>The Landmark Building, No 385, Galle Road,<br>Colombo 03.<br>Tel : +94 11 4 758 813<br>: + 94 11 2 550 100<br>Email : info@nestorstockbrokers.lk<br>Website : https://www.nestorstockbrokers.lk |

## ANNEXURE B – COLLECTION POINTS

| | |
|---|---|
| NDB Securities (Private) Ltd.<br>Level 2, NDB Capital Building, No. 135, Bauddhaloka Mawatha, Colombo 04.<br>Tel : +94 11 2 131 000<br>+94 11 2 314 181<br>Email : mail@ndbs.lk<br>Website : http://www.ndbs.lk | Richard Pieris Securities (Pvt) Ltd.<br>No.310, High Level Road, Nawinna, Maharagama.<br>Tel : +94 11 4 310 500<br>: +94 11 2 802 385<br>Email : communication@rpsecurities.com<br>Website : http://www.arpico.com |
| Senfin Securities Limited.<br>4 th Floor, No.180, Bauddhaloka Mawatha, Colombo 04.<br>Tel : +94 11 2 359 100<br>Fax : +94 11 2 305 522<br>Email : info@senfinsecurities.com | Softlogic Stockbrokers (Pvt) Ltd.<br>Level 16, One Galle Face Tower, Colombo 02.<br>Tel : +94 11 7 277 000<br>: +94 11 7 277 099<br>Email : info@softlogicstockbrokers.lk<br>Website : https://softlogicstockbrokers.lk |
| S C Securities (Pvt) Ltd.<br>5th Floor, 26 B, Alwis Place, Colombo 03.<br>Tel : +94 11 4 711 000/ +94 11 47 11 001<br>: +94 11 2 394 405<br>Email : itdivision@sampathsecurities.lk<br>Website : http://www.sampathsecurities.lk | Somerville Stockbrokers (Pvt) Ltd.<br>No. 410/95/1/1, Bauddhaloka Mawatha, Colombo 07.<br>Tel : +94 11 2 502 858/ +94 11 2 502 862<br>: +94 11 2 502 852<br>Email : contact@somerville.lk<br>Website : http://www.somerville.lk |
| Wealthtrust Securities Limited<br>No. 102/ 1, Dr. N.M. Perera Mawatha, Colombo 03.<br>Tel : +94 11 2 675 091-4<br>Fax : +94 11 2 689 605<br>Email : info@wealthtrust.lk | Seylan Bank PLC<br>Level 3, Seylan Towers 90, Galle Road, Colombo 03<br>Tel : +94-11 2 456 300<br>Fax : +94 11 2 452 215<br>Email : info@seylan.lk |

## ANNEXURE C – CUSTODIAN BANKS

| | |
|---|---|
| Bank of Ceylon (Head Office).<br>Participant Code: BOC<br>07th Floor, 04, Bank of Ceylon Mawatha<br>Colombo 01.<br>Tel : +94 11 2 448 348 | CitiBank, N A<br>Participant Code: CTI<br>65 C, Dharmapala Mawatha,<br>Colombo 07.<br>Tel : +94 11 4 794 733 |
| Commercial Bank of Ceylon PLC.<br>Participant Code: CMB<br>Commercial House<br>21, Sir Razik Fareed Mawatha,<br>Colombo 01.<br>Tel : +94 11 2 486 498 | Deutsche Bank AG<br>Participant Code: DBC<br>Level 21, One Galle Face Tower,<br>No. 1A, Centre Road, Galle Face,<br>Colombo 02.<br>Tel : +94 11 4 791 103 |
| Hatton National Bank PLC.<br>Participant Code: HNB<br>HNB Towers,<br>479, T. B. Jayah Mawatha,<br>Colombo 10.<br>Tel : +94 77 7 712 406 | The Hong Kong and Shanghai Banking Corporation Limited.<br>Participant Code: HSB<br>24, Sir Baron Jayathilake Mawatha,<br>Colombo 01.<br>Tel : +94 11 4 451 275 |
| People's Bank (Head Office)<br>Participant Code: PEO<br>Treasury, 5th Floor,<br>75, Sir Chittampalam A Gardiner Mawatha,<br>Colombo 02.<br>Tel : +94 11 2 206 782 | Standard Chartered Bank<br>Participant Code: SCB<br>37, York Street,<br>Colombo 01.<br>Tel : +94 11 2 480 450 |
| Sampath Bank PLC.<br>Participant Code: SBL<br>110, Sir James Peiris Mawatha,<br>Colombo 02<br>Tel : +94 11 5 406 939, 77 7 842 415 | Seylan Bank PLC.<br>Participant Code: SBK<br>Level 7, Seylan Towers,<br>90, Galle Road,<br>Colombo 03.<br>Tel : +94 11 2 456 701, 2 456 764, 77 2 279 545 |
| Union Bank of Colombo PLC.<br>Participant Code: UBC<br>64,Galle Road,<br>Colombo 03.<br>Tel : +94 11 2 374 205 | Nations Trust Bank PLC.<br>Participant Code: NTB<br>256, Sri Ramanathan Mawatha,<br>Colombo 15.<br>Tel : +94 11 4 313 131 |
| Pan Asia Banking Corporation PLC (Head Office).<br>Participant Code: PAB<br>450, Galle Road,<br>Colombo 03.<br>Tel : +94 11 2 565 565 | National Development Bank PLC.<br>Participant Code: NDB<br>No.40, Navam Mawatha,<br>Colombo 02.<br>Tel : +94 11 2 448 448 |
| DFCC Bank PLC<br>Participant Code: DFC<br>No.73/5, Galle Road,<br>Colombo 03.<br>Tel : +94 11 2 442 031 | State Bank of India<br>Participant Code: SBI<br>16, Sir Baron Jayathilake Mw.,<br>P.O. Box 93,<br>Colombo 01.<br>Tel : +94 11 4 622 3500 |

## ANNEXURE D – DECLARATION TO BE GIVEN BY FATCA COMPLIANT INVESTORS

**DECLARATION**

Manager
Commercial Bank of Ceylon PLC

……………………………

I/We……………………………………………………………………………………………………………………………

…………………………………………………………………………………………………………….............………............................

and……………………………………………………………………………………………………………………….........................

………………………...……………….........of..........................................................(address)…………….........................

…………………………………………………………..……………………….........……………holder/s of Passport Number/ NIC

Number……………………..…... and Country issued (applicable only to passport holders)…………………….......………………. who fall under definition of a U.S. Persons under the provision of the Foreign Account Tax Compliance Act ("FATCA") which is a US legislation aimed at preventing tax evasion by U.S. Persons through overseas assets. I/ We confirm that I/ We understand FATCA is extraterritorial by design and requires "U.S. Persons" to report their financial assets held overseas.

I/ We hereby request Commercial Bank of Ceylon PLC which is recognised as a Foreign Financial Institution (FFIs) in terms of the FATCA to report all information pertaining to the accounts and investments held by me/ us in the Commercial Bank of Ceylon PLC and to remit any tax payable to the Internal Revenue Service (IRS) of the United States of America.

I/ We further confirm that this request is made by me/ us with full knowledge and understanding of FATCA.

Date: ..............................................

..............................................
Signature/ s of Applicants

# ANNEXURE E – ACCOUNTANTS' REPORT AND FIVE YEAR SUMMARY OF FINANCIAL STATEMENTS

KPMG
(Chartered Accountants)
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Fax +94 - 11 244 5872
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Internet www.kpmg.com/lk

The Board of Directors
Commercial Bank of Ceylon PLC
Commercial House
No 21, Sir Razik Fareed Mawatha
P.O. Box 856
Colombo 01

08 July 2026

Dear Members of the Board

**ACCOUNTANTS' REPORT ("REPORT") FOR INCLUSION IN THE PROSPECTUS OF THE PROPOSED DEBENTURE ISSUE OF COMMERCIAL BANK OF CEYLON PLC**

This Report has been prepared for the inclusion in the Prospectus of Commercial Bank of Ceylon PLC (the "Bank") issued in connection with the Public Offer to issue **100,000,000 Basel III compliant – Tier 2 Listed Rated Unsecured Subordinated Redeemable Debentures with a Non-Viability Conversion feature, of Rs. 100/= each amounting to Rs. 10 Bn, for tenures of 5 years, 7 years, and 10 years, with an option to issue up to a further 50,000,000 debentures amounting to a further Rs. 5 Bn, at the discretion of the Bank (second tranche), and in the event of an oversubscription of the initial issue and the second tranche with an additional option to issue up to a further 50,000,000 debentures amounting to an additional amount of Rs. 5 Bn, at the discretion of the Bank.**

We have examined the financial statements included in the annual reports of the Bank for the five financial years ended 31 December 2021 to 2025. Extracts of these financial statements have been included in the prospectus and in this Report.

## 1. INCORPORATION

Commercial Bank of Ceylon PLC (the "Bank") is a public quoted company incorporated on 25 June 1969 with limited liability and domiciled in Sri Lanka. The Bank was re-registered under the Companies Act No. 07 of 2007. The registered office of the Bank is situated at "Commercial House", No. 21, Sir Razik Fareed Mawatha, Colombo 01. The shares of the Bank have a primary listing on the Colombo Stock Exchange. The unsecured subordinated debentures and unsecured subordinated green bonds of the Bank are also listed on the Colombo Stock Exchange.

The Bank does not have an identifiable parent of its own. The Commercial Bank of Ceylon PLC is the ultimate parent of the Group.

The Bank is licensed by the Central Bank of Sri Lanka to conduct banking and related activities and regulated under the Banking Act No. 30 of 1988 and subsequent amendments thereto. The principal activities of the Bank are banking and related activities such as deposit acceptance, corporate and retail banking, personal financial services, off shore banking, foreign currency operations, trade services, investment banking, development banking, rural finance, project finance, leasing, issuing of local and international debit and credit cards, internet banking, mobile banking, money remittance facilities, dealing in government securities and treasury-related products, export and domestic factoring, pawning, margin trading, digital banking services, bancassurance and Islamic banking products and services etc.

KPMG

## 2. FINANCIAL STATEMENTS

### 2.1 Five-year summary of financial statements

A summary of Income Statement, Statement of Financial Position, of the Bank for the five years ended 31 December 2021 to 2025, based on the audited annual financial statements of the Bank prepared in accordance with Sri Lanka Accounting Standards (commonly referred as "SLFRS"/ "LKAS") laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and comply with the requirements of Companies Act No 7 of 2007 are set out in Annexure I.

### 2.2 Audit reports

The financial statements of the Bank for the financial years ended 31 December 2021 to 2023 have been audited by the predecessor auditor. Unqualified audit opinions have been issued for the said financial years by the predecessor auditor. We have audited the financial statements of the Bank for the financial years ended 31 December 2024 and 2025 and have issued Unqualified audit opinions.

### 2.3 Application of accounting standards and accounting policies

The financial statements of the Bank for the financial years ended 31 December 2021 to 2025 complied with and prepared in accordance with Sri Lanka Accounting Standards (commonly referred as "SLFRS"/ "LKAS").

The accounting policies of the Bank are stated in detail in the annual financial statements (Annual reports) of the Bank for the years ended 31 December 2021 to 2025. The adoption of revised/ new accounting standards and a summary of related amendments to the accounting policies of the Bank from financial years ended 31 December 2021 to 2025 are given below.

| Financial year | Adoption of revised Accounting Standards, and related changes in Accounting Policies |
|---|---|
| 31 December 2021 | No new accounting standards were adopted by the Bank during the year<br><br>The following amendments to existing standards which became effective from 01 January 2021 were adopted and the Bank updated its accounting policies and disclosures as required.<br><br>• **Amendments to SLFRS 16 Leases: COVID-19-Related Rent Concessions beyond June 30, 2021**<br>On December 04, 2020, CA Sri Lanka issued COVID-19-Related Rent Concessions - amendment to SLFRS 16 Leases. The amendments provided relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic.<br><br>The amendment was intended to be applied until June 30, 2021, but as the impact of the COVID-19 pandemic continued on June 28, 2021, CA Sri Lanka extended the period of application of the practical expedient up to June 30, 2022.<br><br>Adoption of the above amendments did not have any material impact on the financial statements of the Bank.<br><br>• **Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2) – ("IBOR reform")**<br>Working Groups in different jurisdictions have recommended robust, alternative Risk-free rates (RFRs) to transition away from existing interbank offered rates (IBORs). The RFR benchmarks are overnight whereas current use of IBOR is largely in terms of the term rates. |

KPMG

| | |
|---|---|
| | There were no adjustments made to the financial statements of the Bank as at reporting date. |
| 31 December 2022 | No new accounting standards were adopted by the Bank during the year<br><br>The following amendments to existing standards which became effective from 1 January 2022 were adopted and the Bank updated its accounting policies and disclosures as required.<br><br>• **Amendments to LKAS 37: Onerous Contracts – Costs of Fulfilling a Contract**<br>• **Amendments to SLFRS 9: Fees in the '10 per cent' test for derecognition of financial liabilities**<br>• **Amendments to LKAS 16: Property, Plant and Equipment - Proceeds before intended use.**<br>• **Amendments to SLFRS 3: Reference to the Conceptual Framework**<br>• **Amendments to SLFRS 1: Subsidiary as a first-time adopter**<br><br>Adoption of the above amendments did not have any material impact on the financial statements of the Bank.<br><br>**Reclassification of Debt portfolio from Fair value through Other Comprehensive Income to Amortized Cost**<br>During the year, the Bank re-classified bulk of its treasury bond portfolio, Majority of Sri Lanka Development Bonds (SLDB) and entire sovereign bond portfolio in FVOCI category to amortized cost category, with effect from April 01, 2022, as a result of changes to the business model of managing the assets due to unprecedented changes in the macro-economic conditions in line with the guidelines issued by the CA Sri Lanka in the form of Statement of Alternative Treatment (SOAT) on Re-classification of Debt Portfolio as a one off option.<br><br>**Surcharge tax**<br>As per the Surcharge tax Act No. 14 of 2022, surcharge tax is pertaining to the year of assessment 2020/21. According to the said Act, surcharge tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment 2020/21. Since the Act superseded the requirements of Sri Lanka Accounting standards, the surcharge tax expense was accounted for as recommended by the Statement of Alternative Treatment (SOAT) on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka.<br><br>The liability arising from the Surcharge Tax Act No. 14 of 2022 has been accounted for as recommended by the Statement of Alternative Treatment (SOAT) issued by the Institute of Chartered Accountants of Sri Lanka.<br><br>Accordingly, the Bank recognized the total liability to the surcharge tax as an adjustment to the opening retained earnings as at 01 January 2022. |

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| | |
|---|---|
| 31 December 2023 | No new accounting standards were adopted by the Bank during the year<br><br>The following amendments to existing standards which became effective from 1 January 2023 were adopted and the Bank updated its accounting policies and disclosures as required.<br><br>• **Amendments to "Accounting Policies, Changes in Accounting Estimates and Errors" (LKAS 8): Definition of Accounting Estimates**<br>• **Amendments to "Income Taxes" (LKAS 12): Deferred Tax related to Assets and Liabilities arising from a Single Transaction**<br>• **Amendments to "Presentation of Financial Statements" (LKAS 1): Disclosure of Accounting Policies**<br><br>Adoption of the above amendments did not have any material impact on the financial statements of the Bank. |
| 31 December 2024 | No new accounting standards were adopted by the Bank during the year. |
| 31 December 2025 | The Bank adopted Sustainability Disclosure Standard – SLFRS S1 on "General Requirements for Disclosure of Sustainability-related Financial Information" (SLFRS S1) and SLFRS S2 on "Climate-related Disclosures" (SLFRS S2) during the year. As these are Disclosure Standards, the related disclosures have been disclosed in the relevant sections of the Annual Report as appropriate, and they do not form part of the Financial Statements for the year ended 31 December 2025. |

**2. Events after reporting date**

There were no significant events that occurred after the last audit report issued for the financial year ended 31 December 2025, other than mentioned below.

- **Final dividend for financial year 2025**

The Directors recommended a final dividend of Rs. 10.50 per share which consists of a cash dividend of Rs. 8.00 and a scrip dividend of Rs. 2.50 on both voting and non-voting shares of the Bank which will be applicable to financial year ended 31 December 2025. In accordance with Sri Lanka Accounting Standard – LKAS 10 on "Events after the reporting period", the final dividend has not been recognized as a liability as at 31 December 2025.

The final dividend was approved by the shareholders at the Annual General Meeting held on 31 March 2026 and cash dividends were paid by the Bank on 24 April 2026 and 14,236,841 ordinary voting shares and 984,260 Ordinary Non-voting shares of the Bank listed with effect from 17 April 2026 on account of the scrip dividends.

- **Proposed Debenture issue to a sum of Rs. 20 Bn**

Shareholders of the Bank adopted all resolutions pertaining to issue 100,000,000 Basel III compliant – Tier 2 Listed Rated Unsecured Subordinated Redeemable Debentures with a Non-Viability Conversion feature, of Rs. 100/= each amounting to Rs. 10 Bn, for tenures of 5 years, 7 years, and 10 years, with an option to issue up to a further 50,000,000 debentures amounting to a further Rs. 5 Bn, at the discretion of the Bank (second tranche), and in the event of an oversubscription of the initial issue and the second tranche with an additional option to issue up to a further 50,000,000 debentures for an additional amount of Rs. 5 Bn, at the discretion of the Bank

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at the extraordinary general meeting held on 31 March 2026. On 07 July 2026, Fitch Ratings has assigned a final National Long-Term Rating of 'A(lka)' for the proposed Sri Lankan rupee-denominated Basel III-compliant subordinated debentures.

### 3. Dividends

The Bank had declared the following dividends in respect of ordinary shares (both Voting and Non-voting) for the years ended 31 December 2021 to 31 December2025.

| Year ended 31 December | Dividend Per Share Rs. | Remarks |
|---|---|---|
| 2021 | 7.50 | First and final dividend of Rs. 7.50/= per issued and fully paid ordinary (both Voting and Non-voting) share comprising Rs. 4.50/= per share as cash dividend and Rs. 3.00/= per share as a scrip dividend. |
| 2022 | 4.50 | First and final dividend of Rs. 4.50/= per issued and fully paid ordinary (both Voting and Non-voting) share as a scrip dividend. |
| 2023 | 6.50 | First and final dividend of Rs. 6.50/= per issued and fully paid ordinary (Voting and Non-voting) share comprising Rs. 4.50/= per share a cash dividend and Rs. 2.00/= per share as a scrip dividend. |
| 2024 | 9.50 | First and final dividend of Rs. 9.50/= per issued and fully paid ordinary (both Voting and Non-voting) share, comprising Rs. 7.50/= as a cash dividend (a regular cash dividend of Rs. 5.50/= per share and a special cash dividend of Rs.2.00/= per share) and Rs. 2.00/= per share as a scrip dividend. |
| 2025 | 10.50 | First and final dividend of Rs. 10.50/= per issued and fully paid ordinary (both Voting and Non-voting) share, comprising Rs. 8.00/= as a cash dividend and Rs. 2.50/=as a scrip dividend. |

### 4. Purpose and restriction on use and distribution

This Report is made solely for the purpose of the Board of Directors of Commercial Bank of Ceylon PLC to be used in the Prospectus for the issuance of 100,000,000 Basel III compliant – Tier 2 Listed Rated Unsecured Subordinated Redeemable Debentures with a Non-Viability Conversion feature, of Rs. 100/= each amounting to Rs. 10 Bn, for tenures of 5 years, 7 years, and 10 years, with an option to issue up to a further 50,000,000 debentures amounting to Rs. 5 Bn, at the discretion of the Bank (second tranche), and in the event of an oversubscription of the initial issue and the second tranche with an additional option to issue up to a further 50,000,000 debentures amounting to an additional amount of Rs. 5 Bn at the discretion of the Bank.

This Report should not be used for any other purpose except for the inclusion in the Prospectus as mentioned above and should not be distributed to or used by parties other than the Bank.

Yours faithfully,

**Chartered Accountants**
Colombo

## COMMERCIAL BANK OF CEYLON PLC
### Income Statement

Annexure I

Bank

| For the year ended December 31, | 2021 Rs 000 | 2022 Rs 000 | 2023 Rs 000 | 2024 Rs 000 | 2025 Rs 000 |
|---|---|---|---|---|---|
| **Gross income** | **160,612,216** | **275,051,361** | **335,388,858** | **266,943,645** | **354,811,337** |
| Interest income | 130,443,030 | 218,326,576 | 292,618,360 | 269,596,222 | 293,614,476 |
| Less : Interest expense | 65,832,418 | 136,582,546 | 209,514,795 | 155,037,883 | 157,320,369 |
| **Net interest income** | **64,610,612** | **81,744,030** | **83,103,565** | **114,558,339** | **136,294,107** |
| Fee and commission income | 15,410,402 | 25,463,976 | 29,704,104 | 33,246,118 | 40,958,424 |
| Less: Fee and commission expense | 3,658,939 | 5,972,708 | 8,145,910 | 10,716,909 | 13,462,222 |
| **Net fee & commission income** | **11,751,463** | **19,491,268** | **21,558,194** | **22,529,209** | **27,496,202** |
| Net gains/(losses) from trading | 1,936,007 | 35,297,450 | (12,481,613) | (2,201,010) | 272,311 |
| Net gains/(losses) from derecognition of financial assets | 3,001,574 | 276,884 | 5,060,242 | (41,016,836) | 2,808,159 |
| Net other operating income | 9,821,203 | (4,313,525) | 20,487,765 | 7,319,151 | 17,157,967 |
| **Other operating income** | **14,758,784** | **31,260,809** | **13,066,394** | **(35,898,695)** | **20,238,437** |
| **Total operating income** | **91,120,859** | **132,496,107** | **117,728,153** | **101,188,853** | **184,028,746** |
| Less: Impairment charges and other losses | 24,418,677 | 71,069,301 | 38,242,401 | (63,603,004) | 22,506,115 |
| **Net operating income** | **66,702,182** | **61,426,806** | **79,485,752** | **164,791,857** | **161,522,631** |
| **Less: Operating expenses** | **28,891,755** | **34,936,205** | **42,644,200** | **49,653,373** | **54,590,979** |
| Personnel expenses | 16,321,317 | 19,112,546 | 21,956,866 | 26,913,870 | 28,840,939 |
| Depreciation and amortisation | 3,178,628 | 3,563,476 | 4,283,566 | 4,669,731 | 5,819,403 |
| Other operating expenses | 9,391,810 | 12,260,183 | 16,403,768 | 18,069,772 | 19,930,637 |
| **Operating profit before taxes on financial services** | **37,810,427** | **26,490,601** | **36,841,552** | **115,138,484** | **106,931,652** |
| Less: Taxes on financial services | 5,809,224 | 3,892,216 | 4,961,392 | 19,603,873 | 17,553,881 |
| **Operating profit before income tax** | **32,001,203** | **22,598,385** | **31,880,160** | **95,534,611** | **89,377,771** |
| Less : Income tax expense/(reversal) | 8,395,152 | (371,406) | 11,419,198 | 41,461,107 | 30,890,480 |
| **Net profit after tax for the year** | **23,606,051** | **22,969,791** | **20,460,962** | **54,073,504** | **58,487,291** |

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## COMMERCIAL BANK OF CEYLON PLC
## Statement of Financial Position

Annexure I

| As at December 31, | 2021<br>Rs 000 | 2022<br>Rs 000 | 2023<br>Rs 000 | 2024<br>Rs 000 | Bank<br>2025<br>Rs 000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | 68,078,076 | 149,393,611 | 157,819,287 | 86,848,291 | 84,937,446 |
| Balances with Central Banks | 52,897,908 | 66,493,499 | 52,817,502 | 45,702,086 | 38,802,321 |
| Placements with banks | 11,584,952 | 95,899,645 | 81,344,696 | 99,300,303 | 102,457,000 |
| Securities purchased under resale agreements | 3,000,490 | 1,517,308 | 31,148,729 | 28,655,962 | 20,353,118 |
| Derivative financial assets | 3,245,120 | 8,345,091 | 7,226,484 | 4,264,271 | 5,422,850 |
| Financial assets recognised through profit or loss - measured at fair value | 23,436,123 | 24,873,057 | 29,449,653 | 91,677,346 | 111,753,532 |
| Financial assets at amortised cost - Loans and advances to banks | - | - | - | - | - |
| Financial assets at amortised cost - Loans and advances to other customers | 1,014,618,580 | 1,130,442,579 | 1,176,359,971 | 1,384,524,660 | 1,903,430,445 |
| Financial assets at amortised cost - Debt and other financial instruments | 369,417,889 | 725,935,299 | 649,740,408 | 667,709,691 | 689,347,677 |
| Financial assets measured at fair value through other comprehensive income | 335,463,338 | 117,056,240 | 287,023,009 | 301,584,142 | 217,991,351 |
| Investments in subsidiaries | 5,808,429 | 5,808,429 | 5,808,429 | 5,808,429 | 6,958,229 |
| Investments in associate | 44,331 | 44,331 | 44,331 | 44,331 | - |
| Property, plant and equipment and right-of-use assets | 23,075,467 | 25,425,452 | 26,257,902 | 27,600,648 | 28,674,833 |
| Intangible assets | 1,724,864 | 3,563,120 | 3,736,504 | 4,221,131 | 4,464,103 |
| Deferred tax assets | 9,793,129 | 30,301,203 | 34,076,526 | 12,085,844 | 13,829,232 |
| Other assets | 27,024,475 | 40,699,168 | 37,474,448 | 29,753,153 | 29,526,075 |
| **Total Assets** | **1,949,213,171** | **2,425,798,032** | **2,580,327,879** | **2,789,780,288** | **3,257,948,212** |
| **Liabilities** | | | | | |
| Due to banks | 73,777,420 | 65,130,061 | 47,274,361 | 21,306,752 | 29,724,059 |
| Derivative financial liabilities | 2,092,198 | 2,880,667 | 2,319,209 | 837,497 | 1,263,165 |
| Securities sold under repurchase agreements | 151,911,842 | 97,726,435 | 111,198,516 | 112,470,392 | 110,462,494 |
| Financial liabilities at amortised cost - due to depositors | 1,443,093,453 | 1,914,359,494 | 2,085,046,149 | 2,236,566,800 | 2,608,851,844 |
| Financial liabilities at amortised cost - other borrowings | 32,587,051 | 16,150,356 | 12,756,021 | 14,273,156 | 14,426,414 |
| Current tax liabilities | 9,294,180 | 24,475,319 | 14,951,984 | 13,145,697 | 25,758,993 |
| Other liabilities and provisions | 33,210,883 | 39,860,573 | 55,050,477 | 58,064,777 | 69,681,255 |
| Due to subsidiaries | 48,699 | 115,484 | 317,221 | 145,794 | 138,542 |
| Subordinated liabilities | 38,303,466 | 61,400,967 | 36,482,939 | 57,707,677 | 73,322,023 |
| **Total Liabilities** | **1,784,319,192** | **2,222,099,356** | **2,365,396,877** | **2,514,518,542** | **2,933,628,789** |
| **Equity** | | | | | |
| Stated capital | 54,566,957 | 58,149,621 | 62,948,003 | 88,017,094 | 91,557,690 |
| Reserves | | | | | |
| Statutory reserves | 10,204,368 | 11,352,858 | 12,375,906 | 15,079,581 | 18,003,946 |
| Retained Earnings | 9,028,265 | 5,592,121 | 8,558,385 | 15,330,940 | 17,281,960 |
| Other reserves | 91,094,389 | 128,604,076 | 131,048,708 | 156,834,131 | 197,475,827 |
| **Total equity attributable to equity holders of the Bank** | **164,893,979** | **203,698,676** | **214,931,002** | **275,261,746** | **324,319,423** |
| **Total Liabilities & Equity** | **1,949,213,171** | **2,425,798,032** | **2,580,327,879** | **2,789,780,288** | **3,257,948,212** |
| **Contingent liabilities and commitments** | 682,399,783 | 549,421,699 | 668,875,778 | 743,964,900 | 981,204,632 |

The above Income Statements and Statements of Financial Position of the Bank have been extracted from the Audited Financial Statements published in the Annual Reports of the Bank.

Signed for and on behalf of the Management.

L. W. P. Indrajith
Chief Financial Officer

S. C. U. Manatunge
Managing Director /

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HEAD OFFICE

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