



The Pan Asia Banking Corporation PLC,
No. 450, Galle Road,
Colombo 03.
Company Registration No. PQ48

CIRCULAR TO SHAREHOLDERS

Dear Shareholder/s,

ISSUE OF BASEL III COMPLIANT TIER 2 LISTED RATED UNSECURED SUBORDINATED REDEEMABLE DEBENTURES WITH A FEATURE FOR NON-VIABILITY CONVERSION TO ORDINARY VOTING SHARES BY THE BANK, SOLELY IF INSTRUCTED BY THE CENTRAL BANK OF SRI LANKA.

We refer to The Pan Asia Banking Corporation PLC's ('PABC or 'the Bank' or 'the Company') announcement dated 28th September 2026 on the above subject which was published in the website of the Colombo Stock Exchange, informing the decision of the Bank's Board of Directors' ('the Board') taken at the meeting held on 28th September 2026, whereby it was approved to raise up to maximum sum of up to Sri Lankan Rupees Four Billion (LKR 4,000,000,000/-) by issuing up to a maximum of Forty Million (40,000,000) Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated Redeemable Debentures with a Non-viability Conversion (hereinafter referred to as 'Debentures') of the par value of Sri Lankan Rupees One Hundred (LKR 100/-).

1. INTRODUCTION

1.1 PURPOSE OF THIS CIRCULAR

The Bank is required to obtain the prior approval of the shareholders for the issuance of the said Debentures, as in the event of there being a 'Trigger Event' as defined in the Banking Act Direction No. 01 of 2016 (as amended) on Capital Requirements under Basel III for Licensed Commercial Banks (LCB) and Licensed Specialized Banks (LSB) (hereinafter sometimes referred to as 'the said Banking Act Direction' or 'Banking Act Direction No. 01 of 2016'), the Central Bank of Sri Lanka (CBSL) will instruct the Bank to convert the Debentures into Ordinary Voting Shares of the Bank. This is referred to as 'Non-Viability Conversion' in the said Banking Act Direction. Therefore, a Notice of Extraordinary General Meeting (EGM) accompanies this Circular, for the purpose of seeking approval of the shareholders at the EGM in this regard.

Shareholders are apprised of the following

- i) Any non-viability conversion of Debentures in the event of a 'Trigger Event' as referred above, is highly remote.
- ii) The proposed Debenture Issue does not constitute a major transaction for the Bank in terms of Section 185 of the Companies Act No. 07 of 2007, based on the asset value of the Bank as at 30th June 2026.

Further information on the proposed Debenture issue, namely the purpose of the Debenture issue, features of the Debentures/issue, the relevance of such Debentures to the shareholders in view of the non-viability conversion of the Debentures to Ordinary Voting Shares of the Bank in an eventuality, are described in following sections of this Circular.

1.2 ISSUANCE OF DEBENTURES

The proposed issue of up to a maximum of Forty Million (40,000,000) Debentures of a par value of Sri Lankan Rupees One Hundred (LKR 100/-) each amounting up to a value of Sri Lankan Rupees Four Billion (LKR 4,000,000,000/-) will be offered/issued in the following manner:

- Offered to the 'Qualified Investors' as defined under the Listing Rules of the Colombo Stock Exchange (CSE) and as described under section 3.3 of this Circular.
- The size of the issuance, coupon (interest) rate/s, frequency of coupon/s, maturity period/s (tenure/s), issue price, etc., will be determined by the Board / Board authorize person(s) and notified and published in the prospectus of the issue or each issuance as the case may be prior to the opening of the issue.

- The maturity period (tenure) of the Debenture issue will not be less than five (05) years.
- The Debentures will be listed on the Colombo Stock Exchange upon issue.
- Necessary approvals will be sorted in accordance with the requirements of the Central Bank of Sri Lanka for inclusion of the Debentures in the Tier 2 Capital of the Bank.

1.3 PURPOSE, FINANCIAL AND MARKET RATIONALE FOR ISSUANCE OF DEBENTURES

As published in the Bank's latest Interim Financial Statements (unaudited) six months ended 30th June 2026, we wish to inform you that the Bank made a profit of LKR 2.50 Bn. Total Equity of the Bank increased from LKR 30.39 Bn as at 31st December 2025 (as per the Audited Financial Statements for the year ended 31st December 2025) to LKR 31.91 Bn as at 30th June 2026 (unaudited).

The Total Capital Ratio of the Bank decreased from 18.27% as at 31st December 2025 to 16.47% as at 30th June 2026 (unaudited) due to the payment of dividend and increase in Risk Weighted Assets in line with loan growth.

Although the said ratio is well above the current minimum Total Capital Ratio requirement of 12.50% applicable to Licensed Commercial Banks other than Domestic Systemically Important Banks, as per Banking Act Direction No. 01 of 2016, the Board, based on its periodic review of the Bank's capital adequacy position, recommended to take appropriate action to raise additional capital and it would provide an additional buffer and enable the Bank to maintain its Capital Adequacy Ratio at prudent levels.

- Please refer sections 2.1 and 2.2 of this Circular for further information on the regulatory minimum capital requirements and Bank's current/expected capital adequacy positions.

The sum raised from the Debentures will be utilized to grow the loans and advances portfolio of the Bank through diverse lending products. The costs associated with the Debenture issuance will be financed by the internally generated funds of the Bank.

- Please refer section 4.1 for further information on the objectives of the Issue vis-à-vis the utilization of proceeds.

2. CAPITAL ADEQUACY

2.1 CAPITAL ADEQUACY POSITION OF THE BANK

The table below prescribes the minimum capital ratios that are required to be maintained by Licensed Commercial Banks in accordance with the Banking Act Direction No. 01 of 2016 and the Total Capital Ratios of the Bank as at 30th June 2026.

Components of Capital including Capital Conservation Buffer	Capital Ratios of the Bank		
	Minimum Capital Requirement, % (Banking Act Direction No. 1 of 2016) as at 30 th June 2026.	Bank's Ratio as at 31 st December 2025 (Audited)	Bank's Ratio as at 30 th June 2026 (Un-audited)
Common Equity Tier 1	7.00%	16.66%	14.93%
Total Tier 1	8.50%	16.66%	14.93%
Total Capital Ratio *	12.50%	18.27%	16.47%

* Total Capital Ratio consists of Tier 1 Capital and Tier 2 Capital.

2.2 EXPECTED CAPITAL ADEQUACY RATIO BASED ON BASEL III REQUIREMENTS PURSUANT TO THE PROPOSED DEBENTURE ISSUE

The current and estimated Capital Adequacy Ratios (CAR) of the Bank in terms of Basel III as well as the projected CARs in the eventuality of successful subscription and allotment of the following estimated sums of the Debentures as at 30th June 2026 are expected to be as follows:

Components of Capital including Capital Conservation Buffer	Actual CAR As at 30 th June 2026 (Published - Unaudited)	CAR position estimated to be achieved immediately after the Debenture Issue based on the Ratios as at as 30 th June 2026 based on the assumptions that the entirety of the Debentures up to LKR 4.0 Billion is oversubscribed
		LKR 4.0 Billion
Common Equity Tier 1	14.93%	14.93%
Total Tier 1 Capital Ratio	14.93%	14.93%
Total Capital Ratio	16.47%	18.54%

3. FEATURES/REQUIREMENTS FOR THE ISSUANCE OF DEBENTURES

3.1 REQUIREMENTS UNDER THE BANKING ACT DIRECTION NO. 01 OF 2016 TO QUALIFY THE DEBENTURES AS TIER 2 CAPITAL

In order to qualify as Tier 2 capital under Basel III, the Debentures that are being offered by the Bank should have the following minimum features, in terms of the Banking Act Direction No. 01 of 2016 on Capital Requirements under Basel III for LCBs and LSBs:

- (a) Issued and fully paid in cash;
- (b) Redeemable and issued subject to a minimum tenure (maturity period) of five (05) years;
- (c) Subordinated to the claims of the depositors and general creditors;
- (d) Unsecured and not covered by a guarantee or any other arrangement that legally or economically enhances a seniority of the claim above the depositors and general creditors of the Company;
- (e) Issued with the prior approval from the Governing Board of the Central Bank of Sri Lanka (Governing Board) for inclusion in Tier 2 capital;
- (f) Should be listed on a recognized stock exchange;
- (g) Total approved Tier 2 capital instruments shall not exceed fifty (50%) per centum of total Common Equity Tier 1 capital;
- (h) having the feature to convert the Debentures into Ordinary Voting Shares of the Bank (*ranking equal and pari passu with the then existing Ordinary Voting Shares of the Bank*) without any further approvals from the holders of the Debentures, in the event the Governing Board determines that a Trigger Event has occurred (*refer section 5.1 – for definition of Trigger Event*);

3.2 LISTING AND REGULATORY APPROVAL

The Debentures allotted will be listed on the CSE upon issue and allotment and/or in accordance with the requirements of CBSL for inclusion of the Debentures in the Tier 2 Capital of the Bank and therefore, approval of the CSE in respect of such listing will be sought by the Bank. The Bank will also be seeking approval of CBSL for the inclusion of the Debentures as Tier 2 Capital upon issuance and allotment.

The Bank will comply with the Listing Rules of the CSE and for such purpose, among other requirements, the proposed Debentures will only be offered to 'Qualified Investors' as defined in Section 3.3 of this Circular;

3.3 'QUALIFIED' INVESTORS – ELIGIBLE TO INVEST IN BASEL III COMPLIANT DEBENTURES

Investment and trading in the Debentures will be limited to Qualified Investors in compliance with Rule No. 2.2.1(q) read together with the definition section of the CSE Listing Rules. The term 'Qualified Investors' for this purpose would mean the following:

- (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, pension fund, Employee 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 the 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 (as amended);
- (i) An investment trust or investment company;
- (j) A non-resident institutional investor; and,
- (k) An individual with an initial investment of Sri Lanka Rupees Five Million (LKR 5,000,000/-)

3.4 MINIMUM SUBSCRIPTION REQUIREMENT AND ALLOTMENT OF DEBENTURES

The minimum subscription requirement for the Debentures by a Qualified Investor other than an individual investor will be LKR 10,000/- (Sri Lankan Rupees Ten Thousand), i.e. 100 Debentures.

The minimum initial investment for an individual investor for the Debentures is LKR 5,000,000/- (Sri Lankan Rupees Five Million), i.e. for 50,000 Debentures as stated in section 3.3(k) above. Any application in excess of such minimum subscriptions shall be in multiples of 100 Debentures (LKR 10,000/-) thereafter.

It has also been decided by the Board that the Bank shall consider allocating up to eighty-five per centum (85%) of the issue value on a preferential basis to Qualified Investors of strategic importance considering the prevailing market conditions and this is being PABC Bank's first Basel III-type debenture issue with a non-viability conversion feature. The Board however, will reserve the right to refuse any application or accept any application or to accept any application in part only, without assigning any reason thereto.

3.5. RATING FOR THE DEBENTURES

The Bank will be obtaining a rating from a Rating Agency for the Debentures prior to the respective issuance and such rating will be published in the prospectus of the issue.

In the event if an expected rating is obtained for the primary security prior to the printing of this circular, the Bank will disclose such Final or Expected rating assigned to the primary security along with the name of the rating Agency. A duly certified true copy of such Final or Expected rating will be submitted for the records of the CSE.

A Final Rating shall be obtained by the Bank prior to the opening of the Debenture Issuances referred above.

4. OBJECTIVES AND UTILIZATION OF THE ISSUE OF DEBENTURES AND DISCLOSURES

4.1 OBJECTIVES OF THE ISSUE OF DEBENTURES

The primary objectives of the issue of the Debentures are:

- (a) to strengthen the Tier 2 Capital base of the Bank as per Basel III requirements by the issue of Debentures; and
- (b) to grow the lending portfolio via diverse lending products including Term Loans, Leasing, Government Pension backed Loans, Housing Loans, Government Salary backed loans in the ordinary course of business based on the current credit demand. The Bank will utilize the proceeds generated through the Debenture to fund both existing and future growth of medium-term assets. Until such credit demands are fully met within 18 Months of the issuance of the Debentures the proceeds would be invested in government securities which are risk free investments. They would be invested at the current market rates and are expected to generate a return at the prevailing market rates at the time.

The monthly average disbursement of funds in loans and advances (excluding overdrafts, revolving imports loans and short-term loans) during the quarter ended 30th June 2026 (Unaudited) was approximately LKR 11.13 Billion.

4.2 CONTINUOUS DISCLOSURE REGARDING STATUS OF UTILIZATION OF FUNDS RAISED VIA THE DEBENTURE ISSUE AS AT DD-MM-YYYY

The utilization of the proceeds from the Debenture issue will be disclosed in the Interim Financial Statements and the Annual Report of the Bank from the issue opening date of the issue or each issue as the case maybe until the objectives of the Debenture issue with respect to the utilization of the proceeds are achieved. The Bank shall ensure that the necessary disclosures are made in compliance with the provisions of CSE Circular No. 06/2026 dated 21st August 2026, with such disclosures containing the information set out in the following templates, as applicable:

Objective No.	Objective as per Prospectus	Amount Allocated as per Prospectus in LKR	Proposed Date of Utilization as per Prospectus	Amount allocated upon the receipt of proceeds in LKR (A)	As a % of Total Proceeds	Amount Utilized in the objective in LKR (B)	% of Utilized Against Allocation (B/A)	Clarification if not fully utilized (whether the funds are deposited in a bank account/ lent to Related Party/any other investment etc.).	Objective Deviation from Prospectus (Yes/No)	Objective Deviation Informed to the Market as per Appendix 8A	Details of Deviation	Board Approval Date for the deviation in objective/ confirmation on the full utilization of funds by the Board (Board resolution extract to be submitted)
1												
2												

If un-utilized funds are lent to Related Parties:

Name of the Related Party	Relationship	Objective of the Disbursement	Date of Approval of the Board
To be disclosed in the Annual Report and the Interim Financial Statements (as applicable)			

Investments made using un-utilized funds:

Details of Investments (Instrument/ Counterparty)	Amount Invested (LKR)
To be disclosed in the Annual Report and the Interim Financial Statements (as applicable)	

In the event the proceeds are fully utilized in terms of the objectives (as stated in this circular and shall be disclosed in the prospectus to the issue/s), between two financial periods, the Bank will take steps to disclose such fact in the immediately succeeding Annual Report or in the Interim Financial Statements, whichever is published first.

Further after full utilization of Debenture Issue proceeds, the Bank will submit a duly certified extract of a Board Resolution, explicitly authorizing the statement that the funds raised through public fund generation has been fully utilized in accordance with the objectives stated in the Circular to Shareholders, at the point of submission of the interim and/or audited financial statements and/or the Annual Report.

The Bank does not intend utilizing any funds from the issue of the Debentures to be provided to related parties. However, in the event the Bank decides to utilize any funds from the issue of the Debentures to related parties, it will ensure compliance in terms of Section 9 of the Listing Rules of the CSE.

5. ISSUANCE OF ORDINARY VOTING SHARES UPON THE OCCURRENCE OF A TRIGGER EVENT

5.1 OCCURRENCE OF A TRIGGER EVENT

The proposed Debentures are required to be converted into Ordinary Voting Shares of the Company, in the event of there being a 'Trigger Event' as defined in the Banking Act Direction No. 01 of 2016 ("Non-Viability Conversion").

A "Trigger Event" is defined in the Banking Act Direction No. 01 of 2016 as a point or event at which the Governing Board determines:

- (a) that the Bank would become non-viable, without a write-down in terms of item 10(iii)(a) of the Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No. 01 of 2016; or
- (b) to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable in terms of item 10(iii)(b) of the Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No. 01 of 2016.

Please refer section 5.5 for further explanation on the conversion referred to above, in the event of a Trigger Event.

5.2 ANNOUNCEMENT UPON THE DETERMINATION AND NOTIFICATION OF A TRIGGER EVENT BY THE GOVERNING BOARD

The Debentures would be converted to Ordinary Voting Shares only if the Governing Board has determined that a Trigger Event has occurred and, in such event, the Bank will make a market announcement of such determination and also announce the Bank's decision to convert the Debentures to Ordinary Voting Shares at the "conversion price" that would be determined and the relevant dates, i.e. 'cut-off dates', etc.

5.3 SHAREHOLDERS' APPROVAL FOR THE ISSUE OF DEBENTURES WITH A NON-VIABILITY CONVERSION TO ORDINARY VOTING SHARES

For the proposed issue of Debentures with a Non-Viability Conversion to Ordinary Voting Shares (*which is subject to receipt of principle approval of the CSE in respect of issue of such Debentures and in respect of such Ordinary Voting Shares that may be issued in the event of there being a 'Trigger Event'*), shareholder approval is being sought by way of passing a Special Resolution at the EGM being convened in terms of the CSE Listing Rule 2.2.1.(p) and for the waiver of the pre-emptive right entitlement of the shareholders in terms of Article 4(iv) of the Articles of Association of the Bank and Section 53 of the Companies Act No. 7 of 2007 (as amended), to issue up to a maximum of up to Forty Million (40,000,000) Debentures of the par value of Sri Lankan Rupees One Hundred (LKR 100/-) each amounting up to Sri Lankan Rupees Four Billion (LKR 4,000,000,000/-), limited to 'Qualified' Investors and to be listed on the CSE upon issue and allotment and/or in accordance with the requirements of CBSL for inclusion of the Debentures in the Tier 2 Capital of the Bank.

In the event a conversion to Ordinary Voting shares takes place pursuant to a Trigger Event as more fully described under 5.5 of this Circular after the allotment of only a part of the above said Debenture Issue, the Bank will inform the Colombo Stock Exchange of the next course of action forthwith regarding the remaining Debentures to be issued.

5.4 CSE APPROVAL FOR ADDITIONAL LISTING OF ORDINARY VOTING SHARES

The Bank has submitted the Additional Listing Application in respect of the issue and listing of Ordinary Voting Shares and has obtained approval from the CSE for the listing of such Ordinary Voting Shares to be issued in the event of a Non-Viability Conversion.

5.5 CONVERSION PRICE RELATING TO THE CONVERSION OF THE DEBENTURES TO ORDINARY VOTING SHARES UPON A TRIGGER EVENT

The Board has resolved that in the event of an occurrence of a Trigger Event, the holders of Debentures shall be issued Ordinary Voting Shares of the Bank in lieu of the value of the Debentures. The new Ordinary Voting Shares that may be issued will rank equal and *pari passu* with the then existing Ordinary Voting Shares to the extent of the amounts due and payable on the Debentures (i.e. capital sum paid on the Debentures plus outstanding interest) at an issue price calculated based on the simple average of the daily Volume Weighted Average Price ("VWAP") of an Ordinary Voting Share of the Bank (as published by the CSE) during the three (03) month period immediately preceding the date on which the Governing Board may determine such Trigger Event.

The use of VWAP over a period of three (03) months immediately preceding the Trigger Event as opposed to the use of a share price closer to the Trigger Event smoothes out price fluctuations which may occur in the very short run and is therefore more reasonable to both the Bank as well as the holder of the Debentures.

In the event of the VWAP being relatively high this would result in a comparatively lower number of Ordinary Voting Shares being issued to the holders of the Debentures which would cause a lesser degree of dilution in the holding percentage of then existing shareholders. Conversely, if the VWAP is comparatively low it would result in a comparatively higher number of Ordinary Voting Shares being issued to the holders of the Debentures which would dilute the holding percentage of the then existing shareholders to a relatively greater degree.

The Board is of the opinion that the aforesaid price mechanism at which the Debentures may be converted to Ordinary Voting Shares (in an eventuality), is fair and reasonable to the Bank and to all existing shareholders in terms of Section 52 of the Companies Act No. 07 of 2007 (as amended).

5.6 SHAREHOLDING LIMITS EXCEEDING REGULATORY THRESHOLD

In the event of the conversion resulting in a particular holder of Debentures exceeding the shareholding limits imposed by the Governing Board, the Bank would seek prior approval from the Governing Board prior to the conversion of the Debentures to Ordinary Voting Shares.

5.7 ALLOTMENT OF ORDINARY VOTING SHARES TO HOLDERS OF THE DEBENTURES IN THE EVENT OF AN OCCURRENCE OF A TRIGGER EVENT

Upon the occurrence of a Trigger Event, the Bank shall be required and entitled without further approval of the holders of the Debentures to issue and within twenty (20) days to allot Ordinary Voting Shares of the Bank ranking equal and *pari passu* with the then existing Ordinary Voting Shares up to the capital value of the Debentures and the outstanding Debenture interest at an issue price as more fully described in section 5.5 above. In the event of any holder of the Debentures 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 issue price of such share within fourteen (14) market days from the date of allotment of the said Ordinary Voting Shares.

If there is an issuance of Ordinary Voting Shares to the holders of the Debentures upon the occurrence of the Trigger Event, a holder of Debentures would cease to be a holder of Debentures and would become a

shareholder of the Bank to the extent of such issuance and will rank equal and *pari passu* with the then existing Ordinary Voting Shareholders with voting rights after the date of allotment of new shares.

6. BENEFITS OF THE ISSUE OF THE DEBENTURES WITH A CONVERSION OPTION TO THE BANK AND TO THE EXISTING SHAREHOLDERS

The issue of the Debentures with the said non-viability conversion option would result in the following benefits (in the event of an occurrence of the Trigger event being)

- The conversion of the Debentures to shares upon the occurrence of a Trigger Event will improve the viability of the Bank since the conversion would result in additional Tier 1 capital and a consequent improvement in the capital adequacy ratios as per the capital requirements under Basel III.
- Reduction of the Debenture liability of the Bank will reduce the strain on the assets of the Bank in the event of a liquidation arising from the payment of fixed-sum debt obligations, i.e. more assets leftover for distribution to the shareholders though on a diluted basis, since there would be more ordinary voting shares in issue arising from the conversion.
- With the reduction of the interest-bearing liabilities as stated above, financing cost will be reduced and thereby improve the bottom line of the Bank.

7. RISKS RELATING TO THE ISSUE OF THE DEBENTURES

The issue of the Debenture would result in the following risks to the shareholders (in the event of an occurrence of the Trigger event being:

- Dilution of shareholding held by the existing shareholders which nevertheless cannot be determined at this point due to the following:
 - The number of Ordinary Voting shares to be issued due to a conversion would be determined by the 'conversion price' upon the occurrence of the Trigger Event.
 - The extent of dilution will be determined by how many Ordinary Voting shares are in issue at the time of such a conversion. The number of Ordinary Voting shares in issue may vary during the tenure of the Debentures due to issuance of new Ordinary Voting shares by way of scrip dividends, shares issued by way of capitalization of reserves or rights issues and other share conversions as well as further issuances such as but not limited to Private Placements, ESOS and any other corporate actions that could result in a change to the number of shares issued
- In the event of the conversion a particular holder or holders of Debentures may hold a larger number of Ordinary Voting Shares of the Bank (subject to the approval being sought by the Bank and granted by the Governing Board prior to the conversion) which would alter the proportions held by the Ordinary Voting Shareholders and may have implications on the Bank and the other shareholders.

8. RISKS ASSOCIATED WITH THE OBJECTIVES STATED

8.1 SPECIFIC RISKS ASSOCIATED WITH THE OBJECTIVES STATED

There are no specific risks associated with the objectives stated being achieved, as the proceeds of the issue is to grow the lending portfolio via diverse lending products including Term Loans, Leasing, Government Pension backed Loans, Housing Loans, Government Salary backed loans. The Bank in the ordinary course of business has access to multiple sources of funds such as different types of deposits and borrowings to ensure the objectives are met. As the proposed Debenture Issue possesses all the characteristics required to qualify as Tier 2 Capital and does not exceed the maximum thresholds permitted for Tier 2 Capital under applicable regulations, the Bank does not foresee any risk in obtaining the approval of the Governing Board of the CBSL to recognize the proceeds of the Debenture Issue as Tier 2 Capital. Accordingly, upon completion of the Debenture Issue, the Bank will submit a request to the Governing Board of the CBSL seeking approval to include the proceeds of the Issue in Tier 2 Capital and, upon receipt of such approval, will recognize the proceeds accordingly. In deploying these funds, the Bank's internal procedures ensure a rigorous assessment of the credit applicants' credit worthiness, ability for repayment through realistic projected cash flows, collaterals, etc., close monitoring of repayment of loans, etc. All these ensure that the associated credit risk is mitigated.

8.2. RISK FOR NOT BEING ABLE TO UTILIZE THE FUNDS RAISED WITHIN THE SPECIFIED TIMELINES SUBSEQUENT TO RAISING FINANCE

Based on past experience, there is strong growth in the advance's portfolio of the Bank. As such, there is no specific risk for the Bank not being able to utilize the funds raised within the specified timelines to meet the objective of credit lending. However, the proceeds would be invested in government securities which are risk free investments until they are utilized for lending purposes. They would be invested at the interest rates prevailing at such time in the market.

8.3 IN THE EVENT OF AN UNDER SUBSCRIPTION OF THE DEBENTURES

The Tier 2 capital adequacy envisaged to be met from this issue will support the above-mentioned growth of the Bank. In the event the objective of raising Tier 2 capital is not achieved fully, the Bank would be able to supplement this requirement to a certain degree with adjusting assets growth and retained earnings.

However, a concern on any under subscription of the Debenture issue may not be arisen as attractive returns to be offered on the Debenture expecting a reasonable demand for same.

In the event the Debenture issue is not fully subscribed or if the time lines are changed if thought fit by the Bank, no further shareholder approval will need to be sought.

8.4 IN THE EVENT THE BANK DOES NOT UTILIZE THE FUNDS FOR THE STATED OBJECTIVES

In the event the Bank does not utilize the funds raised for the stated objectives and proposes to utilize the same for another objective or objectives, it will issue an announcement to that effect and take steps to seek shareholder approval prior to such utilization. The Bank will also seek the Debenture Holders approval for the same.

9. REDEMPTION OF DEBENTURES

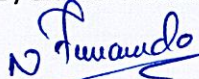
The Debentures issued will be redeemed at the end of the tenure of the Debentures (date of redemption) which will not be less than five (5) years from the date of allotment of the issue or each issue as the case maybe unless a Trigger Event as more fully described in this Circular occurs prior to such date.

10. EXTRAORDINARY GENERAL MEETING

An EGM is scheduled to be held as a virtual meeting on 27th November 2026 centered at the "Board Room" of the Bank, No. 450, Galle Road, Colombo 03 commencing at 9.30 AM to give effect to the matters set out in the Notice of Meeting forwarded with this Circular, i.e. to seek approval of the Shareholders for the proposed issue of Debentures by way of a Special Resolution for the issue of Ordinary Voting Shares in the eventuality of conversion of the Debentures to Ordinary Voting Shares due to the occurrence of a Trigger Event which may affect the rights attached to the Bank's existing ordinary shares, in compliance with Section 99 of the Companies Act No. 7 of 2007.

If you are unable to attend the EGM, you are entitled to appoint a proxy to attend the EGM on your behalf. If you are appointing a proxy, please complete and send the attached Form of Proxy to the Company Secretary at the registered office of The Pan Asia Banking Corporation PLC, No. 450, Galle Road, Colombo 03, Sri Lanka, not less than 48 hours before the time appointed for the holding of the EGM.

By Order of the Board



Nayantha Fernando
Company Secretary
23rd October, 2026



The Pan Asia Banking Corporation PLC,
No. 450, Galle Road,
Colombo 03.
Company Registration No. PQ48

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE is hereby given that an Extraordinary General Meeting of The Pan Asia Banking Corporation PLC will be held as a virtual meeting on 27th November 2026 centered at the "Board Room" of the Bank, No. 450, Galle Road, Colombo 03 commencing at 9.30 AM, for the following purpose:

SPECIAL RESOLUTION

"WHEREAS, the Board of Directors ("the Board") of The Pan Asia Banking Corporation PLC ("the Bank") decided to raise a maximum sum of up to Sri Lankan Rupees Four Billion (LKR 4,000,000,000/-) by issuing up to a maximum of Forty Million (40,000,000) Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with a feature for Non-Viability Conversion to Ordinary Voting Shares by the Bank ('Debentures') to Qualified Investors as defined in the Circular to Shareholders accompanying this Notice in the manner explained in the said Circular;

AND WHEREAS in the eventuality of a conversion of the said Debentures to Ordinary Voting Shares due to the occurrence of a Trigger Event, as explained in the Circular to Shareholders accompanying this Notice of Extraordinary General Meeting (EGM), approval of the shareholders is required by Special Resolution for the resultant issuance of the Ordinary Voting Shares in terms of Rule 2.2.1.(p) of the Listing Rules of the Colombo Stock Exchange and that the pre-emptive rights of the existing Ordinary Voting Shareholders are hereby waived in respect of the relevant number of Ordinary Voting Shares to be issued by the Bank to the holders of the Bonds as set out herein.

AND WHEREAS it has become necessary to consider and if thought fit to pass the following as a **SPECIAL RESOLUTION**:

"That the Board of Directors ("the Board") of the Pan Asia Banking Corporation PLC ('the Bank' or 'the Company') be and is hereby authorized:

1. To issue up to a maximum of up to Forty Million (40,000,000) Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated Redeemable Debentures with a Non-Viability Conversion to Ordinary Voting Shares by the Bank (**hereinafter referred to as 'Debentures'**) of the par value of Rupees Hundred (LKR 100/-) each amounting up to Sri Lankan Rupees Four Billion (LKR 4,000,000,000/-);
 - (i) the Debentures shall be offered to 'Qualified Investors' as defined under the Listing Rule No.2.2.1(q) read together with the definition section of the Listing Rules of the Colombo Stock Exchange;
 - (ii) the size, the coupon (interest) rate/s, frequency of coupon/s, maturity period/s (tenure/s), issue price in respect of the issue to be determined by the Board;
 - (iii) The maturity period (tenure) of the Debenture issue will not be less than five (05) years;
 - (iv) the Debentures will be listed on the Colombo Stock Exchange upon issue;

- (v) Necessary approvals will be sorted in accordance with the requirements of the Central Bank of Sri Lanka for inclusion of the Debentures in the Tier 2 Capital of the Bank.
- (vi) Ordinary Voting Shares of the Bank shall be issued to the holders of Debentures to the extent of the amounts due and payable on Debentures (i.e. capital sum paid on the Debentures plus outstanding interest) in the event the Governing Board of the Central Bank of Sri Lanka determines that a Trigger Event has occurred;
2. The subject Basel III Compliant Debenture Issue is subject to regulatory approvals from the CBSL, the Colombo Stock Exchange and any other regulatory approvals (as applicable).
3. In order for the Debentures to be recognized as Tier 2 Capital of the Bank under Basel III as detailed in the Banking Act Direction No. 01 of 2016 issued by the Central Bank of Sri Lanka, the Debentures are required to have the following minimum features:
- Listed on a recognized Stock Exchange
 - Redeemable
 - Subordinated
 - Of a minimum tenor of 5 (five) years
 - Rated by an acceptable Rating Agency
 - Having an option to convert the said Debentures to Ordinary Voting Shares due to the occurrence of a Trigger Event, as explained in the Circular to Shareholders accompanying this Notice of Extraordinary General Meeting (EGM),
4. To issue upon the occurrence of a Trigger Event, Ordinary Voting Shares to the holders of Debentures in lieu of the amounts due and payable on relevant Debentures (i.e. capital sum paid on the Debentures plus outstanding interest) at the conversion price that would be determined based on the simple average of the daily Volume Weighted Average Price of an Ordinary Voting Share of the Bank as published by the Colombo Stock Exchange during the three (03) month period immediately preceding such Trigger Event and which said price mechanism at the point of non-viability conversion is fair and reasonable to the existing shareholders and the Bank;
5. To issue upon the occurrence of a Trigger Event, Ordinary Voting Shares to the holders of Debentures on the aforesaid basis without such Shares in the first instance being offered to the then existing Ordinary Voting Shareholders and/or the Ordinary Non-Voting Shareholders of the Bank and such Shares shall rank *pari passu* with the Ordinary Voting Shares then in issue subject to regulatory approvals, namely from the Central Bank of Sri Lanka, the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka being obtained."

The Ordinary Voting Shares arising from the non-viability conversion of Debentures as referred above, will be listed in the Colombo Stock Exchange.

The issuance of this Debenture Issue is subject to regulatory approvals from the CBSL, the Colombo Stock Exchange and any other regulatory approvals (as applicable)

By Order of the Board



Nayantha Fernando
Company Secretary
23rd October, 2026



(Company Registration No.PQ 48)

No.450, Galle Road, Colombo 03.
WEB Site : www.pabcbank.com

NOTICE TO THE SHAREHOLDERS

Dear Shareholder/s

Extraordinary General Meeting of the Bank will be held as a virtual meeting on 27th November, 2026 centered at the "Board Room" of the Bank, No.450, Galle Road, Colombo 03 commencing at 9.30 a.m.

All details with regard to the participation at the EGM via an online platform have been detailed below.

1. In order to enable virtual meeting facilities, shareholders who wish to participate at the meeting online are requested to forward the following details to the Company Secretary on or before the 25th November, 2026 by 9.30 AM to the email address : csy@pabcbank.com or fax to +0094 112301844.

Please note all the below details are compulsory if you wish to participate via the online meeting.

Full Name of Shareholder	
Shareholder's NIC/ Passport No/ Company Registration No.	
CDS Account No.	
Address	
Contact Telephone No/s	
e-mail address	

2. Only shareholders (in the case of individuals) and by authorized representatives (in the case of corporate shareholders) are entitled to participate in the virtual meeting.
3. Chairman, certain members of the Board of Directors, the CEO, Company Secretary and other key officials who are essential for the meeting will be physically present in the Board Room. All others, including shareholders, will participate via an online meeting platform.
4. Login information for the virtual meeting will be forwarded in advance of the meeting to the shareholders who submit their information as per above. The login information is authorized only for use by shareholders (in the case of individuals) and by authorized representatives (in the case of corporate shareholders). The Bank shall not be responsible or liable for misuse and /or unauthorized use of the login information.
5. All individuals participating at the meeting remotely through the online platform are required to identify themselves when speaking/online chat at the EGM during the time allotted for comments by shareholders

as directed by the Chairman. Questions entertained will be only relating to the Agenda items. Questions will be answered on a first come first serve basis.

6. At the time of the question and answer session please note that shareholders already spoken, either in person or online, await until all other shareholders have had a turn to speak on a given matter before raising a second question or making a comment.
7. For any help regarding the meeting you may contact Ms.Dilhara Lethbridge on +0094 11 4667628 during normal office hours prior to the meeting and at the time of the meeting for any login help you may contact Dilhara on +0094 4667902.
8. Shareholders who are unable to participate through the online meeting are encouraged to submit duly completed Proxy forms clearly selecting their vote under each matter set out in the Proxy Forms and to appoint one of the Directors of the Bank to act on their behalf in order that each shareholder's vote may be identified and recorded as if such shareholder were present at the meeting.
9. If you wish to forward your queries prior to the meeting and to be recorded at the meeting it could be shared with the Company Secretary in writing on or before 25th November, 2026 via email to csy@pabcbank.com or via Fax No. +0094 112301844 to reach the Bank. The responses from the Board of Directors and the Management to the queries of the shareholders will be forwarded to the shareholders and will be included in the minutes of the meeting.

Voting will be explained to shareholders prior to the commencement of the meeting.

By Order of the Board



Mayantha Fernando
Company Secretary
23rd October ,2026

Form of Proxy

I/We.....(NICNo/s.....)
.....)of.....

being a shareholder/being shareholders of Pan Asia Banking Corporation PLC, hereby appoint

- | | |
|-------------------------|---------------------------|
| 1. B D A Perera | of Colombo or failing him |
| Ayodhya Iddawela Perera | of Colombo or failing her |
| Sandra Walgama | of Colombo or failing her |
| Kawshi Amarasinghe | of Colombo or failing her |
| Malik Ranasinghe | of Colombo or failing him |
| Dharshanie Perera | of Colombo or failing her |
| Ashoka Goonesekere | of Colombo or failing him |
| Naleen Edirisinghe | of Colombo |

2.....(NICNo.....)

of.....as my/our* proxy to vote on
my/our* behalf at the Extraordinary General Meeting of Pan Asia Banking Corporation PLC, to be held on
27th November 2026 at 9.30 AM and at any adjournment thereof.

I/We, the undersigned, hereby authorize my/our* proxy to vote for Resolution and on my/our* behalf in
accordance with the preference as indicated below.

For Against

1. The special resolution set out in the notice convening the meeting

To pass a special resolution for the issuance of up to Forty Million
(40,000,000) Basel III Compliant, Tier 2, Listed, Rated, Unsecured,
Subordinated, Redeemable Debentures at an issue price (par value) of LKR
100/- with a term of not less than 5 years with an option for conversion to
ordinary shares if directed, at the discretion of the Central Bank of Sri Lanka,
as set out in the Notice convening the meeting.

☐	☐
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As witness I/we* have set my/our* hand/s* hereunto this.....day of.....Two Thousand and
Twenty Six.

.....
Signature of shareholder.

Note : Instructions as to completion of the Form of Proxy.

1. To be valid, this form of proxy must be deposited with the Company Secretary at the Registered Office situated at No.450, Galle Road, Colombo 3, or email to csy@pabcbank.com or fax to +94112301844 on or before 9.30 a.m. on the of 25th November, 2026 being at least 48 hours before the time appointed for holding the meeting.
2. In perfecting the form of proxy please ensure that all details are legible and the proxy appointed need not be a shareholder of Pan Asia Banking Corporation PLC.
3. If the shareholder is a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
4. A shareholder appointing a proxy (other than a Director of the Bank) to participate at the meeting should indicate the proxy holder's National Identity Card (NIC) number on the Form of Proxy.
5. Please indicate with 'x' in the space provided how your proxy is to vote on each resolution.
6. Shareholders who are unable to participate through the online meeting are encouraged to duly complete the form of proxy clearly setting out their preference of vote under each matter set out in the Form of Proxy and to appoint one of the Directors of the Bank or any other person to act on their behalf in order that each shareholder's vote may be identified and recorded as if such shareholder were present.

* Delete whichever is inapplicable.