

CIRCULAR TO THE SHAREHOLDERS – RIGHTS ISSUE 2024

THIS DOCUMENT IS OF VALUE AND WARRANTS YOUR CAREFUL CONSIDERATION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER OR OTHER PROFESSIONAL ADVISOR IMMEDIATELY.

Dear Shareholder/s,

We wish to inform you that the Board of Directors of Commercial Bank of Ceylon PLC (the "Company") has duly resolved to convene an Extraordinary General Meeting ("EGM") of the Company to be held on Monday, July 15, 2024 at 2.30 p.m. at the Galadari Hotel, "Grand Ballroom", No. 64, Lotus Road, Colombo 01, for the purpose of enabling its shareholders to consider and if thought fit to pass the resolutions set out in the attached Notice of Meeting pertaining to a Rights Issue of ordinary (voting) shares and ordinary (non-voting) shares.

The Rights Issue is being conducted in accordance with the Capital Augmentation plan approved by the Board. This Rights Issue will enhance the Tier I capital and Total Capital of the Company and position the Company to grow the Balance Sheet. The funds raised through the Rights Issue will supplement the Basel III compliant Tier II Listed Rated Unsecured Subordinated Redeemable Debenture with a Non-Viability Conversion feature, as announced on January 30, 2024, further improving the Company's Total Capital Ratio.

1. RIGHTS ISSUE OF ORDINARY (VOTING) SHARES AND ORDINARY (NON-VOTING) SHARES

The Board of Directors have resolved on May 28, 2024 subject to the approval of the shareholders of the Company to raise new equity capital by way of a Rights Issue of ordinary (voting) and ordinary (non-voting) shares. Accordingly, an offer to subscribe to such Rights Issue, the salient details of which are set out below, will be made by the Company to its registered ordinary (voting) and ordinary (non-voting) shareholders as at end of trading on the Record Date, i.e. July 17, 2024 (the "Entitled Shareholders"). Kindly note that the Record Date is the second (2nd) Market Day from and excluding the date of the EGM, i.e. July 15, 2024:

CLASS OF SHARES	RATIO	ISSUE PRICE (RS.)
Ordinary (voting)	One (1) new ordinary (voting) share for every five (5) existing issued and fully paid ordinary (voting) shares.	85.00 per share
Ordinary (non-voting)	One (1) new ordinary (non-voting) share for every five (5) existing issued and fully paid ordinary (non-voting) shares.	69.00 per share

A total of 252,082,449 new ordinary (voting) shares, [or such other increased number thereto consequent to the exercise of options under the Employee Share Option Plan (“ESOP”), if any] and 15,847,696 new ordinary (non-voting) shares, will be offered to the Entitled Shareholders of the respective classes of shares, by way of the said Rights Issue of such shares.

No duly registered Entitled Shareholder of the new ordinary (voting) shares or ordinary (non-voting) shares, upon the said issue be entitled to a fractional part of any share of either class, respectively. Fractional entitlements referred to herein shall mean the fractions arising pursuant to applying the following formula:

$$\frac{\text{Number of shares held by a shareholder as at end of trading on July 17, 2024 (i.e. the Record Date) x 1 (new share)}}{5 \text{ (existing shares)}}$$

Such fractions shall be aggregated, and whole new shares arising from such aggregation will be allotted to shareholders who apply for additional shares. In the opinion of the Board of Directors, the consideration of Rs. 85.00 per ordinary (voting) share and Rs.69.00 per ordinary (non-voting) share is fair and reasonable to the Company and to all its existing shareholders, as required under and in terms of the Companies Act No. 07 of 2007 (as amended).

The offer to subscribe for the shares will be made by the Company by way of a Letter of Provisional Allotment with the right to renounce only in favour of the Central Depository Systems (Pvt) Limited (“CDS”).

All such new ordinary (voting) and new ordinary (non-voting) shares shall, upon due subscription and final allotment (which shall be effected on a date after the last Date for Acceptance and Payment) and provided due payment has been received therefor, rank equal and *pari passu* in all respects with the existing issued and fully paid ordinary (voting) shares and ordinary (non-voting) shares, respectively, including the right to participate in any distribution declared or carried out by the Company pursuant to the final allotment which shall be after the last date of acceptance and payment. The final allotment of the shares shall for all intents and purposes constitute an increase of the Company’s Stated Capital.

In terms of Listing Rule No. 5.2.a. of the Listing Rules of the Colombo Stock Exchange (the “CSE”), the Company is required to obtain the approval of the shareholders for the proposed Rights Issue.

The requisite Ordinary Resolutions to be passed by the shareholders approving the aforesaid Rights Issue of ordinary (voting) shares and ordinary (non-voting) shares has been set out in the enclosed Notice of Meeting as Resolution No. 1.

2. EMPLOYEE SHARE OPTION PLAN ("ESOP")

The CSE requires that all applications for listing of shares arising through the ESOP must be submitted to the CSE at least three (03) Market Days prior to the EGM date. Accordingly, the Company will not be issuing any shares nor submitting additional listing applications to the CSE in respect of options exercised under the ESOP from July 10, 2024 till the entitlement date of the Rights Issue excluding the EGM date.

3. OBJECTIVES OF THE ISSUE

The Bank intends to utilize the proceeds of the Rights Issue for the following objectives which do not amount to a major transaction as per the Companies Act No. 07 of 2007 (as amended): -

- a) Funds raised through the Rights Issue will further improve the Capital Adequacy of the Company's Balance Sheet by increasing its Tier I Capital base thus strengthening its Total Capital. This improvement will materialise subsequent to allotment of shares arising from the Rights Issue. The current applicable minimum Tier I Ratio by the Central Bank of Sri Lanka ("CBSL") is 10% and the Ratio for the Company stood at 11.366% as at March 31, 2024 as per the Unaudited Financial Statements. In the event of full subscription, incorporating the proceeds of the proposed Rights Issue the Tier I Capital Adequacy Ratio as at March 31, 2024 calculated according to the BASEL III guidelines would increase to 12.943%.
- b) The entire quantum of funds raised through the Rights Issue will be utilised to finance expansion by increasing the lending portfolio of the Company. Total gross loans and advances for the period ended March 31, 2024 stood at Rs. 1,287 Bn as per the Unaudited Financial Statements. The Company's average monthly disbursement for the quarter ended March 31, 2024 stood at Rs. 39 Bn whereas for the quarter-ended December 31, 2023 the same was Rs.47Bn. Therefore with the expected favourable macro-economic development and revival of economic activities, the funds raised through the Rights Issue will be utilized within 12 months from the Date of Allotment. The Company will obtain Board Investment Committee approval to invest the Rights Issue funds in Treasury Bills and/or Treasury Bonds until utilised for the above stated objective. Such investments are expected to generate an average return of 9.00% p.a. based on current market rates. In the event the objectives are to be changed in the future, an Announcement shall be made to CSE and shareholder approval shall be obtained in respect thereof.
- c) Even though the Company is engaged in lending to related parties in the normal course of business to a restricted extent, it is not expected to utilize the funds raised through Rights Issue for such purposes. In the event Company happens to utilize funds raised through the proposed Rights Issue for such lending, same will be carried out in accordance with the relevant Listing Rules.

d) Specific Risks relating to the Objectives of the Issue:

- i. With respect to Objective 3(a) of the Rights Issue, the Board of Directors are confident of the Company meeting the objective of the issuance. In the unlikely event the Rights Issue is not fully subscribed, the Rights Issue will be concluded, and the Tier I capital will be strengthened to that extent. Profits generated through normal course of operations of the Bank will continue to augment Tier I capital.
- ii. With respect to Objective 3(b) of the Rights Issue, an unusual slowdown in the lending growth of the Company could limit expansion of the lending portfolio. This can be closely connected to a significant slowdown in the GDP growth of the country and the resulting slowdown in demand for credit in the economy. Even if such slowdown in the economy would decelerate the lending growth by 50%, which will result in the disbursement of funds raised for the objective within the specified timeline not being possible, such funds raised through the proposed Rights Issue will be invested in the Government Treasury Bills and/or Bonds with the approval of the Board Investment Committee until such funds are fully utilized for lending purposes.

Current Capital Adequacy Status

The Company is in compliance with the Basel III requirements as at March 31, 2024.

	The minimum Capital Adequacy requirements under Basel III	The timeline to achieve the minimum Capital Adequacy requirements	The level of compliance by the Company as at 31.03.2024 (as per the Unaudited Financial Statements)	The expected level of compliance by the Company subsequent to the Rights Issue
Total Tier I Capital with Buffers (CCB & Surcharge on D-SIB)	10.00%	Ongoing	11.37%	12.94%
Total Capital Ratio (Tier I + Tier II) with Buffers (CCB & Surcharge on D-SIB)	14.00%	Ongoing	14.87%	16.45%

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

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

*CCB = Capital Conservation Buffer

** D-SIB = Domestic Systemically Important Banks

4. BENEFITS OF INVESTING IN RIGHTS ISSUE

The improvement in capital adequacy levels through the Rights Issue is expected to enhance the stability of the Company's operations, enabling it to expand its loans and advances portfolio. This proposed issue not only strengthens the Company's financial foundation but also provides shareholders with the opportunity to participate in the Company's growth and benefit from improved profitability in the future. By increasing capital adequacy, the Company's stability is heightened, supporting business expansion and offering shareholders a chance to share in the returns generated by this growth.

5. CONTINGENCIES AND LITIGATION

There are no material changes to the contingent liabilities and Litigation that were disclosed in the Audited Financial Statements as of December 31, 2023 and the Interim (Unaudited) Financial Statements as of March 31, 2024.

6. COMPOSITION OF THE BOARD INVESTMENT COMMITTEE

The Board Investment Committee consists of Four Non-Executive/Independent Directors and, two Executive/Non-Independent Directors.

7. EQUITY AND CAPITAL STRUCTURE

The proposed Rights Issue would have the following impact on the number of issued shares of the Company:

Class of Shares	Voting	Non-voting
Number of existing shares as at March 31, 2024 adjusted for the Scrip Dividend	1,259,749,719	79,238,482
Add – Employee Share Option Scheme (ESOP) shares exercised by employees until the date of the initial announcement relating to the Rights Issue 2024	662,528	Not applicable
Add – Increase under the proposed Rights Issue (1:5 basis)	252,082,449	15,847,696
Total number of shares after the proposed Rights Issue	1,512,494,696	95,086,178

The impact of the proposed Rights Issue on the Stated Capital of the Company would be as follows:

Stated Capital	Rs. '000
Stated Capital of the Company as at March 31, 2024 adjusted for the Scrip Dividend as set out in the Unaudited Financial Statements of the Company	65,184,125
Add – Employee Share Option Scheme (ESOP) shares exercised by employees until the date of the initial announcement relating to the Rights Issue 2024	62,622
Add – Increase under the proposed Rights Issue (1:5 basis)	22,520,499
Stated Capital of the Company consequent to the Rights Issue 2024	87,767,246

It must be noted that the abovementioned values in respect of the ordinary (voting) shares could increase consequent to the exercise of options under the ESOP.

8. MARKET PRICES OF SHARES

The highest, lowest and closing prices of the Company's ordinary (voting) and ordinary (non-voting) shares for the preceding 03 months are given below.

Month	Highest Price (Rs.)		Lowest Price (Rs.)		Closing Price (Rs.)		No of Trades		No of Shares Traded	
	Voting	Non-voting	Voting	Non-voting	Voting	Non-voting	Voting	Non-voting	Voting	Non-Voting
March 2024	98.60	86.00	88.00	79.70	97.70	85.20	1910	782	4,028,013	832,890
April 2024	116.75	93.80	91.80	82.00	115.00	92.70	6187	1780	18,700,854	2,744,157
May 2024	117.50	93.50	100.00	80.00	105.75	85.00	4350	1665	7,660,233	1,777,619

9. TOP 20 (VOTING) AND (NON-VOTING) SHAREHOLDERS

The top twenty (20) (voting) shareholders of the Company as at March 31, 2024 are as follows:

No.	Name of the shareholder (Voting)	No. of shares
1.	DFCC Bank PLC A/C 1	149,777,568
2.	Mr Y S H I Silva	122,327,008
3.	Employees' Provident Fund	106,485,764
4.	Mr D P Pieris	95,321,291
5.	CB NY S/A International Finance Corporation	87,919,750
6.	Sri Lanka Insurance Corporation Ltd – Life Fund	62,371,928
7.	Melstacorp PLC	51,131,771
8.	Mr K D D Perera	45,418,533
9.	CB NY S/A IFC Emerging Asia Fund. LP	45,325,490
9.	CB NY S/A IFC Financial Institutions Growth Fund. LP	45,325,490
11.	Sri Lanka Insurance Corporation Ltd – General Fund	43,737,539
12.	Employees' Trust Fund Board	19,630,281
13.	Renuka Hotels PLC	16,189,738
14.	Cargo Boat Development Company PLC	11,436,898
15.	Mr M J Fernando (Deceased)	11,109,917
16.	Hallsville Frontier Equities Ltd	10,876,310
17.	Renuka Consultants & Services Limited	9,821,527
18.	Citibank Newyork S/A Norges Bank Account 2	7,302,409
19.	Seylan Bank PLC/Andaradeniya Estate (Pvt) Ltd	5,882,457
20.	Mr A L Gooneratne	5,502,209

The top twenty (20) (non-voting) shareholders of the Company as at March 31, 2024 are as follows:

No.	Name of the shareholder (Non-Voting)	No. of shares
1.	Employees' Trust Fund Board	6,036,439
2.	Akbar Brothers (Pvt) Ltd A/C No. 1	3,764,303
3.	GF Capital Global Limited	1,804,646
4.	Mr M F Hashim	1,401,429
5.	M J F Exports (Pvt) Ltd	1,327,409
6.	EMFI Capital Limited	1,269,120
7.	Mrs L V C Samarasingha	1,224,239
8.	MRT W A Wickramasinghe joint with Mrs N Wickremasinghe	1,215,375
9.	Assetline Finance Limited/Suhada Gas Distributors (Pvt) Ltd	1,194,582
10.	Janashakthi Insurance PLC – Shareholders	1,151,537
11.	Saboor Chatoor (Pvt) Ltd	1,110,307
12.	Mr E Chatoor	918,991
13.	Mr R Gautam	849,454
14.	Mr K S M De Silva	814,467
15.	Mr A L Gooneratne joint with Mrs C Gooneratne	800,396
16.	Mr J D Bandaranayake joint with Miss N Bandaranayake & Dr V Bandaranayake	784,297
17.	Mr J D Bandaranayake joint with Dr V Bandaranayake & Miss I Bandaranayake	764,347
18.	Mr M J Fernando (Deceased)	762,425
19.	Serendip Investments Limited	707,500
20.	Swastika Mills Ltd	701,310

10. CONTINUOUS DISCLOSURE REQUIREMENT IN THE INTERIM FINANCIAL STATEMENTS AND THE ANNUAL REPORTS

The Company will disclose the information in the following template through all the Interim Financial Statements and Annual Reports from the date of raising funds through proposed Rights Issue until objectives are achieved and funds are fully utilized.

The Rights Issue proceeds utilized as at dd/mm/yyyy

Objective Number	Objective as per circular	Amount allocated as per circular in LKR	Proposed date of utilization as per circular	(A) Amount allocated from proceeds in LKR	% of total proceeds	(B) Amount utilized in LKR	(B/A) % of utilized against allocation	Clarification, if not utilized including where the funds are invested (e.g. whether lent to Related Party/ies etc.)
1								
2								

In the event the funds raised through the Rights Issue have been fully utilized by the Company as disclosed in the Circular to Shareholders between two (02) financial periods, the Entity shall disclose such fact in the immediate succeeding Annual Report or the Interim Financial Statement, whichever is published first.

In the event there are any deviations in the circumstances and the proceeds are not utilized as proposed and approved by the shareholders, the Company may utilize the funds appropriately, subject to making a market announcement of such decision and obtaining the sanction of the shareholders in relation thereto at a General Meeting.

11. DIVIDEND HISTORY

The dividend history of the Company for last three years is as follows:

Dividends Paid (Gross)	Year 2021	Year 2022	Year 2023
Value in Rs. '000s			
Cash Dividend – Rs.	5,373,996	–	5,913,644
Scrip Dividend – Rs.	3,582,664	5,579,001	2,628,286
Total Dividend – Rs.	8,956,660	5,579,001	8,541,930
Dividend Payout Ratio (Dividends/Net Profit After Tax) – %			
Cash Pay Out Ratio	22.77%	–	28.90%
Scrip Pay Out Ratio	15.18%	24.29%	12.85%
Total Pay Out Ratio	37.95%	24.29%	41.75%
Dividend per Share – Rs.			
Cash	4.50	–	4.50
Scrip	3.00	4.50	2.00
Total	7.50	4.50	6.50

12. UNDERWRITING ARRANGEMENTS

The Company has not entered into any formal underwriting agreement in connection with the proposed Rights Issue. Since the Rights are being offered at a substantial discount, compared to the market prices of shares as at May 22, 2024, which amounted to Rs.114.25 for ordinary (voting) shares and Rs.90.30 for ordinary (non-voting) shares, the Board of Directors is of the view that the proposed Rights Issue will be viewed positively by the shareholders as an attractive investment opportunity. No formal commitment has been received as yet from any shareholder. The Company has not set a minimum level of subscription for the Rights Issue in connection with the objectives of the issue as stated in section 3. In the event of an undersubscription, the Company will proceed as stated in section 3.(d).(i) and 3.(d).(ii).

In the event the proposed Rights Issue is under-subscribed, the following measures will be taken by the Company:

1. Subscribers will be allocated the shares for which they have applied. However, this allocation will be contingent upon compliance with the shareholding limitations prescribed by the Banking Act No. 30 of 1988 (as amended).
2. Applications for Additional ordinary (voting) shares and ordinary (non-voting) shares respectively, will also be permitted. Kindly refer Section 13 (5) below for further information.
3. The capital so accrued will be directed towards achieving the Objectives of the Rights Issue as stated above under Section 3 – “Objectives of the Issue”.

The Company has not been informed of any person or persons including legal entity who have intimated their intentions to apply for unsubscribed shares under the issue.

13. APPLICATION FOR RIGHTS

Contingent on the shareholder approval being obtained for the proposed Rights Issue:

1. The Rights will be provisionally allotted as at end of trading on the Record Date.
2. In allotting the Rights shares provisionally, the shareholding appearing in the CDS and the Shareholders' Register maintained by the Registrars of the Company (i.e. SSP Corporate Services (Pvt) Ltd., No. 101, Inner Flower Road, Colombo 03) will be amalgamated in so far as the National Identity Card Numbers of such shareholders are available with the Company for identification purposes.
3. The new ordinary shares, not duly subscribed for as at the last date of Acceptance and Payment will be deemed to have been declined.
4. The Letters of Provisional Allotment, in respect of the new Rights provisionally allotted to shareholders under the Rights Issue, with provision for renouncing in favour of the CDS, will be dispatched to shareholders on July 24, 2024. The manner in which the Letter of Provisional Allotment should be dealt with will be fully set out therein. The shareholders must strictly adhere to the instructions therein in respect of acceptance, renunciation and when applying for additional shares.

5. Applications for Additional ordinary (voting) shares and ordinary (non-voting) shares, respectively, will also be permitted. However, such additional shares will be available for due allotment only in the event of any existing shareholder/s not taking up their Rights entitlement, either in part or in full and if the Forms of Acceptance and Registration of the Rights shares are rejected by the Company as being invalid. Subject thereto, Additional shares that are applied for will be given effect on a reasonable basis to be decided by the Board of Directors of the Company. The basis of allotment of additional ordinary (voting) and ordinary (non-voting) shares will be decided subsequent to determining the number of unsubscribed ordinary (voting) and ordinary (non-voting) shares and subject to the shareholding restrictions imposed by the Banking Act No. 30 of 1988 (as amended).
6. In the event of an over-subscription, the Board of Directors of the Company reserves the absolute right of accepting or rejecting any application for Additional shares in whole or in part. Fractional share entitlements would be treated as declined shares and whole new shares arising from the aggregation of such fractions will be available for allotment at the same price respectively, for ordinary (voting) shares and ordinary (non-voting) shares to shareholders who apply for Additional shares.
7. The Letters of Provisional Allotment will contain the necessary provisions enabling the shareholders to deposit, if they so wish, the respective ordinary (voting) shares and ordinary (non-voting) shares provisionally allotted to them directly to their accounts with the CDS, within three (03) Market Days from and excluding the Record Date.
8. Pursuant to a Direction issued by the Securities and Exchange Commission of Sri Lanka ("SEC") pertaining to the de-materialisation of listed securities, the shareholders who hold shares in scrip form (i.e. Share Certificates) as per the Share Register maintained by the Registrars of the Company, will not be issued Share Certificates for the new shares allotted and issued in their favour. Such shareholders are accordingly requested to open an account with the CDS and to deposit their existing Share Certificates in the CDS prior to the date of the EGM of the Company. This will enable the Company to deposit the new shares directly into the shareholder's CDS Account.
9. The shares allotted in respect of Letters of Acceptance which do not carry an accurate CDS Account Number or where no CDS Account has been opened by the shareholder such shares will not be uploaded to the CDS Accounts on the date specified by the Rules of CSE. They will only be registered in the share ledger maintained by the Registrars of the Company and will not be issued a Share Certificate. Such shareholders will not be able to trade with new shares until such time a CDS Account has been opened and the shares are lodged into the account. Subsequent to opening a CDS Account, the shareholders should inform the Registrars their CDS account numbers in writing to which accounts the shares will then be uploaded and such requests will be processed on a weekly basis. Therefore, please ensure strict adherence to the Directives issued by the Securities and Exchange Commission of Sri Lanka.

14. DATES FOR THE RIGHTS ISSUE

1. Subject to shareholder approval being obtained as aforementioned, the date of provisional allotment shall be the same date as the Record Date, i.e. July 17, 2024 (which is the second (2nd) Market Day from and excluding the date of the EGM). In allotting the shares

provisionally, the shareholding as appearing in the CDS and the share ledger maintained by the Registrars, as at end of trading on the Record Date will be combined.

2. The Rights entitlement of the shareholders whose shares are held in CDS will be directly uploaded to their CDS accounts within three (03) Market Days from and excluding the Record Date i.e July 22, 2024.
3. The Letters of Provisional Allotment will be dispatched by post to the shareholders by the Company on July 24, 2024, being the fifth (5th) Market Day from and excluding the Record Date.
4. The Company's shares shall trade ex-rights (XR) from the Market Day immediately following the date on which the related resolutions are passed by the shareholders at the EGM, i.e. July 16, 2024.
5. The last date for acceptance and payment for Rights shares shall be August 9, 2024 being the twelfth (12th) Market Day from and excluding the date of dispatch/ making available the Letters of Provisional Allotment, i.e. July 24, 2024.
6. All incomplete applications/applications with incorrect details will be rejected.
7. Refunds in respect of rejected applications for shares shall be paid as expeditiously as possible but not exceeding ten (10) Market Days from the last date of acceptance and payment. Refunds will be made by way of cheque, unless the applicant has provided accurate and complete details of his bank account in the application, in which event the Company shall make such payment thereto, through SLIPS and a payment advice shall be issued to the applicant. Cheque payments will be dispatched to shareholders by ordinary mail.
8. The Rights shares may be renounced to the CDS only. The period of renunciation shall not exceed nine (09) Market Days from and excluding the date of dispatch/ making available the Provisional Letters of Allotment.
9. Trading of the Rights shall commence on the fourth (4th) Market Day (i.e. on July 30, 2024) from and excluding the date of dispatch/ making available the Letters of Provisional Allotment. Such trading shall continue throughout the period of renunciation to the CDS.

15. DECLARATIONS IN RESPECT OF THE PROPOSED RIGHTS ISSUE

1. The Company has obtained the approval in principle of the Colombo Stock Exchange ("CSE") for the proposed Rights Issue and to issue and list the new shares arising therefrom.
2. The Company confirms that the total value of (non-voting) shares issued by the Company does not exceed fifteen percent (15%) of the shareholders' funds of the Company.
3. Further, the Company confirms that no other regulatory approval is required for the proposed Rights issues, other than the approval of its shareholders.
4. The listing of the new securities by the CSE will in no way be reflective of the merits of the issue. The CSE assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports included.

5. The Board of Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief that there are no other facts, the omission of which would render any statement in the Circular misleading.

16. LISTING/EXCHANGE CONTROL APPROVAL

An application has been made to the CSE for listing the new ordinary (voting) and (non-voting) shares on the official list of the CSE. This application has been approved “in principle” by the CSE.

Non Resident Shareholders are required to make payments for rights through their Inward Investment Account (IIA). More details will be set out in the Provisional Letter of Allotment which would be dispatched to the Shareholders, once the Rights Issue is approved by the Shareholders at the meeting of the shareholders to be convened by the Company.

17. DIRECTORS’ RECOMMENDATION

The Board of Directors of the Company recommends the Rights Issue in the manner aforesaid, for approval by the shareholders at an EGM convened for July 15, 2024.

18. THE EGM

The EGM, in order to obtain approval of the shareholders in respect of the proposed Rights Issue of Shares will be held on Monday, July 15, 2024 at 2.30 p.m. at the Galadari Hotel, “Grand Ballroom”, No. 64, Lotus Road, Colombo 01. A Notice convening the EGM is attached hereto setting out the requisite Resolutions to be passed by the shareholders in order to give effect to the Rights Issue.

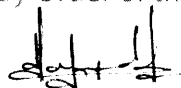
19. FORM OF PROXY

Shareholders who are unable to attend the EGM in person are entitled to appoint a proxy to attend and speak and vote on their behalf, depending on their voting rights. If you wish to appoint such a proxy, kindly complete and return the enclosed Form of Proxy (in accordance with instructions specified therein) to the Company by facsimile on 011 233 2317 or email to companysecretary@combank.net or by post to Company Secretary, Commercial Bank of Ceylon PLC, “Commercial House”, No. 21, Sir Razik Fareed Mawatha, Colombo 01, not later than forty-eight (48) hours before the time appointed for the holding of the EGM.

Duly completed and valid Forms of Proxy submitted to the Company as stated above will enable the Proxy to represent the respective shareholder at the meeting and exercise the shareholder’s vote in accordance with such shareholder’s directions.

Yours faithfully,

By Order of the Board of Commercial Bank of Ceylon PLC



R A P Rajapaksha
Company Secretary

Colombo
June 28, 2024