



PAN ASIA BANK

The Understanding Bank

27th February, 2020

Our Ref: CSY/L/02/2020/65

Ms. Vinduni Dullewe
Head of Listing
Colombo Stock Exchange
No.04-01, West Block,
World Trade Center,
Echelon Square,
Colombo 1.

Dear Madam,

**PAN ASIA BANKING CORPORATION PLC ("BANK") – ISSUANCE OF
ORDINARY VOTING SHARES ARISING FROM THE BASEL III COMPLIANT
UNLISTED DEBENTURE ISSUE**

Reference to your letter dated 18th February, 2020 we forward herewith final Circular to Shareholders and Notice of Meeting with the Original Signatures.

Yours faithfully,

Nayantha Fernando
Company Secretary

D/L/

Pan Asia Banking Corporation PLC

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(Company Registration No.PQ 48)

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CIRCULAR TO SHAREHOLDERS

Dear Shareholder/s,

ISSUE OF BASEL III COMPLIANT -TIER 2, UNLISTED, UNSECURED, SUBORDINATED, REDEEMABLE DEBENTURES WITH A TENURE OF FIVE (05) YEARS WITH A NON-VIABILITY CONVERSION CLAUSE.

As you may have already read in the published Interim Financial Statements as at 31st December, 2019, your Company, Pan Asia Banking Corporation PLC ("the Bank") made a profit of LKR 1,751Mn for the twelve months period ended 31st December, 2019. Total Equity of the Bank increased during the said twelve months period from LKR 11,247Mn as at 31st December, 2018 to LKR 13,329Mn as at 31st December, 2019.

BASEL III MINIMUM CAPITAL REQUIREMENTS

Commencing from 01st July 2017, the Bank has to comply with minimum capital ratios and the buffers as prescribed in the direction No. 01 of 2016 on Capital Requirement under Basel III for Licensed Commercial Banks (LCB's) and Licensed Specialized Banks (LSB's) issued on 29th December 2016. The minimum statutory requirement applicable for capital adequacy for the Bank, being an LCB with total assets less than LKR 500 Bn is as follows;

MINIMUM CAPITAL RATIO REQUIREMENTS APPLICABLE FOR THE BANK

(Applicable for Bank's with Asset base is below Rs.500 Bn)

Components of Capital	With effect from 01.01.2019
Common Equity Tier 1 Including Capital Conservation Buffer	7.00%
Total Tier 1 Including Capital Conservation Buffer	8.50%
Total Capital Ratio Including Capital Conservation Buffer	12.50%

HIGHER LOSS ABSORBENCY (HLA) REQUIREMENTS FOR DOMESTIC SYSTEMICALLY IMPORTANT BANKS

Monetary Board of Central Bank has issued Banking Act Direction No 10 of 2019 "Framework for Dealing with Domestic Systemically Important Banks" on 20 December 2019.

This framework attempts to identify the banks whose failure has a larger impact on the financial system due to size, interconnectedness, lack of substitutability and complexity and requires maintaining higher loss absorbency (HLA) by such banks.

Primary objective of the implementation of the D-SIBs framework is D-SIBs to hold higher capital buffers and to provide incentives to reduce their systemic importance on the domestic economy.

The minimum capital surcharge on D-SIBs is as follows:

Bucket	HLA Requirement (CET1 as a % of Risk-Weighted Assets)
3	2.0
2	1.5
1	1.0

FACTORS CONSIDERED IN ASSESSMENT OF D-SIBs

Category	Individual Indicator	Category Weighting
Size	Total exposure (Total exposures used in the Basel III leverage ratio.)	40%
Interconnectedness	Intra-financial system assets	20%
	Intra-financial system liabilities	
	Securities outstanding	
Substitutability / financial institution infrastructure	Assets under custody	20%
	Trading volume	
	Payments activity	
Complexity	Notional amount of derivatives	20%
	Level 2 assets as reported under Liquidity Coverage Ratio	
	Cross jurisdictional liabilities	
	Cross jurisdictional claims	
	Trading and available for sale (AFS) securities	

Licensed Banks which are determined as Domestic Systemically Important Banks (D-SIBs), from time to time have to maintain additional Higher Loss Absorbency (HLA) requirements as specified by the Monetary Board in the form of Common Equity Tier 1 Capital.

CBSL has specified the below operational timeline to implement the proposed framework

Time	Task
April 2020	Collect data from the selected banks
August 2020	Assess collected data and identify the list of D-SIBs
October 2020	Publish the list of D-SIBs that are subject to HLA requirement with the approval of the Monetary Board

However as per eligible criterions defined in the direction to be categorized as D-SIB, it is likely that additional HLA capital requirements will not be applicable for our Bank given the total exposure measure coming under Leverage ratio is account for below the minimum exposure value of Rs.400 Bn specified by the regulator under disclosure requirements in the directions.

1. ISSUANCE OF DEBENTURES

In order to further strengthen the Tier 2 Capital Base in accordance with the BASEL III requirements and to facilitate the Bank's forecasted asset growth, the Board of Directors of the Bank by Resolution passed on 13th January, 2020 decided to proceed with an initial issue of Seven Million Five Hundred Thousand (7,500,000) Basel III compliant, Tier 2, Unlisted, Unsecured, Subordinated Redeemable 5 year Debentures with a Non-viability Conversion clause (hereinafter referred to as "Debentures" or "Subordinated Debentures") at a par value of LKR 100/- each to raise Rupees Seven Hundred and Fifty Million (LKR 750,000,000/-) with an option to issue a further Five Million (5,000,000) of the said Debentures to raise upto Rupees Five Hundred Million (LKR 500,000,000/-) at the discretion of the bank in the event of an over subscription of the initial issue. The Debentures will not be listed on the Colombo Stock Exchange. (CSE).

The above issue is subject to the approval of Securities & Exchange Commission of Sri Lanka (SEC).

The issue of the proposed Debentures requires the subordinated debt to be converted into Ordinary Voting Shares of the Bank, in the event of there being a 'Trigger Event' as defined in the Banking Act Direction No. 1 of 2016 (the "said Directions") ("Non-Viability Conversion"). Upon the conversion, these debentures will cease to exist.

A 'Trigger Event' is determined by and at the sole discretion of the Monetary Board of the Central Bank of Sri Lanka, and is defined in the Banking Act Direction No. 1 of 2016 of Web Based Return Code 20.2.3.1.1.1 (10) (iii) (a & b) as a point/ event is the earlier of;

- a) "Decision that a write-down, without which the Bank would become non-viable, is necessary, as determined by the Monetary Board.

OR

- 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 Monetary Board"

1.1 FEATURES OF THE SUBORDINATED DEBENTURES

In order to qualify as Tier 2 capital under BASEL III, the subordinated debentures would need to be:

- (a) issued and fully paid in cash;
- (b) for a minimum tenure of at least five (05) years;
- (c) subordinated to the claims of the depositors and secured and other unsecured 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 bank;
- (e) issued with the prior approval from the Monetary Board for inclusion in Tier 2 capital;
- (g) with all other 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 existing Ordinary Voting Shares of the Bank*) without any further approvals from the holders of the Debentures, in the event the Monetary Board determines that a Trigger Event has occurred.

1.2 RATING OF THE DEBENTURES

Debentures are not rated.

1.3 THE POSITION OF THE BANK WITH REGARD TO CAPITAL ADEQUACY BASED ON THE BASEL III REQUIREMENTS

The Bank has maintained so far the Capital Adequacy Ratios under Basel III above the minimum regulatory level. The position of the actual CAR as at 31.12.2018 & 31.12.2019 and expected CAR pursuant to the debenture issue are as follows.

Ratio	Actual		Minimum Regulatory Requirement as at 01 st January 2019	Amounts of funds that bank expected to raise from the debenture Issue (Minimum)	Expected CAR to be achieved by the Bank, immediately after the Debenture Issue
	31.12.2018	31.12.2019			31.03.2020
Total Capital Ratio	13.32%	14.31%	12.50%	LKR 750Mn	14.11%

1.4 ELIGIBLE INVESTORS FOR BASEL III COMPLIANT DEBENTURES

Applications are invited for the subscription of Debentures from the following categories of Qualified Investors as per Circular No 16/2008 issued by the Securities and Exchange Commission of Sri Lanka on the approval criteria relating to issuance of unlisted Debt Securities by listed entities.

- A licensed commercial bank within the meaning of the Banking Act, No. 30 of 1988;
- A licensed specialized bank within the meaning of the Banking Act, No.30 of 1988 (as amended by Act No. 33 of 1995);
- Development Banks;
- Specialized Savings Bank;
- Housing Banks;
- Co-operative Bank Unions, excluding Co-operative Societies;
- A Finance Company Registered under the Finance Companies Act No 78 of 1988;
- A Person registered to carry on Finance Leasing business under the Finance Leasing Act No. 56 of 2000;
- Licensed Securities dealer or Broker, acquiring for its own account or acting as agent for or for the purpose of selling to another qualified Investor;
- A regulated Finance Company;
- A registered Insurer;
- The Trustee or Manager of a mutual fund, pension fund, employee provident fund or any other similar pooled fund;
- A Company with net asset of Rs. 500,000,000 or more as disclosed in the last audited accounts of the Company;
- An individual whose initial investment is Rs.50,000,000 or more;

In view of the above transfer of the Debentures will also be limited to Qualified Investors.

In the event of an over subscription, the Board of Directors of the Bank will endeavour to decide the basis of allotment in a fair manner as soon as practicable.

The Bank reserves the right to reject any application or to accept any application in part only, without assigning any reason thereto. A written confirmation informing successful applicants on their allotment of Debentures will be dispatched within ten (10) market days from the closure date.

2. FINANCIAL AND MARKET RATIONALE FOR ISSUANCE

The primary objective of the issue of the said debentures is to strengthen the Tier 2 capital base of the Bank in accordance with Basel III requirements. The Bank intends to utilize the entire proceeds of the issue to grow the loans and advances portfolio through diverse lending products in the ordinary course of business. The costs associated with the debenture issue would be compensated by the income generated from funds raised and benefits derived from having a strong regulatory capital.

3. ISSUANCE OF SHARES UPON THE OCCURRENCE OF A TRIGGER EVENT

In the event of there being the occurrence of a Trigger Event, as described above, the Bank would be required to issue and within twenty (20) days to allot ordinary voting shares of the Bank ranking *equal & pari passu* with the existing ordinary voting shares immediately pursuant to the allotment to the holders of the Debentures, in lieu of the amounts due and payable to them 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 Pan Asia Banking Corporation PLC (as published by the CSE) during the 3 month period immediately preceding the date of the Trigger event. The Bank has obtained in-principal approval of the CSE for the listing of these shares, subject to obtaining the approval of the SEC for the issuance of these unlisted debentures.

Bank will make a market announcement to the following effect:

- That a trigger event has occurred
- The cut off date for entitlement of shares for the debenture holders
- The conversion price

In the event of the conversion resulting in a particular holder of Debentures exceeding the shareholding limits imposed by the Monetary Board of Sri Lanka, the Bank would need to seek prior approval from the Monetary Board prior to the conversion in to Ordinary Voting Shares in respect of such shareholders.

3.1 CONVERSION PRICE

Averaging out of the VWAP over a period of 3 months preceding the Trigger Event as opposed to a shorter window closer to the Trigger Event, is aimed at smoothing out price effects, so that the consequent conversion price would be fair & equitable to the Company and to the existing shareholders.

3.2 ISSUANCE OF ORDINARY VOTING SHARES UPON OCCURRENCE OF A TRIGGER EVENT

Based on above conversion mechanism the outstanding balance of the Debentures will get converted to ordinary voting shares. 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 issue price of such share within fourteen (14) market days from the date of allotment of the said ordinary voting shares.

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 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 existing share holders.

4. OBJECTIVES OF THE ISSUE

The Primary objective of the issue is to strengthen the Tier 2 capital base of the Bank, as per the BASEL III requirements for maintenance of capital adequacy ratio of Banks. Approval has been obtained from the Central Bank of Sri Lanka to include these Debentures as a part of Tier 2 capital.

The proceeds from the Issue will be initially added to the Bank's pool of funds, till such time it is lend to all parties/clients. In the interim period, these funds will be invested in Government Securities at zero default risk at the prevailing market rates, which would generate a return at the rate of 8.00% - 9.20% p.a.

Funds generated through the Debenture Issue will be eventually used to support the lending activities of the Bank, the full utilization of which is expected to be completed within six (6) months after the issue, as part of its normal course of business and raising five year funds will further improve the Bank's funding profile by reducing the tenor mismatch between the shorter term liabilities and the medium term assets. This will reduce interest rate and liquidity risk exposure of the Bank by reducing the funding gaps.

5. BENEFITS OF INVESTING IN DEBENTURES

- Provides an opportunity to diversify the investment portfolio of the investor.
- Provides the investor with a regular cash inflow of interest payments.
- Provides the investor with an opportunity to invest in Debentures issued by a leading Bank in Sri Lanka.
- The Debentures may be used as collateral to obtain credit facilities from banks and financial institutions with the exception of the issuing Bank.

6. BENEFITS OF THE ISSUE OF THE DEBENTURES TO THE BANK AND TO THE SHAREHOLDERS

The issue of the Debentures would result in the following benefits:

- 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 Basel III capital adequacy ratios.
- 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 improve the bottom line of the Bank

7. RISKS INVOLVED IN INVESTING IN THE DEBENTURES

Subscribers to the Debentures could be exposed to the following risks.

(a) Interest Rate Risk - Provided all other factors are equal, the market price of the Debentures will generally fluctuate in the opposite direction to the fluctuation in market interest rates. Thus, the interest rate risk could be identified as the reduction in the market price of Debentures resulting from a rise in interest rates. The Debentures will not be listed, as such the investor can compare the price using a similar market instrument.

(b) Reinvestment Risk - Interest on the Debentures are payable semi-annually. A Qualified Investor may decide to reinvest these interest payments and earn interest from that point onwards. Depending on the prevailing interest rates at the point of reinvestment, the risk of returns generated by Debenture Holders by reinvesting such interest received being higher or lower than the return offered by the Debentures is known as reinvestment risk.

(c) Duration Risk - Duration risk is a measure of the price sensitivity of fixed income investments to change in interest rates. Calculation of this risk is based on the price sensitivity of a fixed income security to a prevailing market interest rate change of 100 basis points. Duration is expressed as a number of years to repay the price from the different cash flows incurred during the period of debenture to its maturity. The duration indicator addresses the risk of interest rate fluctuations. The higher the duration, the greater the price volatility or duration risk, while the lower duration carries a lower risk.

(d) 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 equal with the Bank's other subordinated indebtedness and will be subordinated 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 holders of senior indebtedness. If the Bank does not have sufficient assets to settle claims of such senior indebtedness holders 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 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 the Bank's obligations under the Debenture shall be deemed paid in full by the issuance of Ordinary 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 Shares to being the holder of Ordinary 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.

(e) Liquidity risk - Liquidity risk depends on the ease with which debentures can be sold after the initial placement. As the Debentures will not be listed on the CSE, investors will be able to trade the instrument via private transfer subject to relevant approvals as applicable. However transaction price or bid-ask spread will be dependent upon the marketability, demand, supply and other macro factors such as market interest rates.

Therefore, Qualified 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.

(f) Default risk - Default risk also known as credit risk refers to the risk that the Issuer of a Debenture may default, i.e. the Issuer will be unable to pay interest and principal payments when due. It is advisable for prospective Debenture investors to take into account past earnings and asset growth performance of the Bank, present financial strengths as reflected in the Balance Sheet of the Bank, and the rating awarded to the Bank by Fitch Rating is 'BBB-(lka)' Stable Outlook, its risk management policies and the experience of the Directors and Senior Management when forming an opinion on Default Risk.

(g) Call risk - Call risk refers to the risk that the issuer will retire all or a part of the principal value of the debentures before maturity. The risk to investor is in that, the timing of the call is not known and the investor will be faced with a reinvestment risk in the event the call is made at a time when the market interest rates have declined. Debentures do not have a call risk, since these Debentures shall not be redeemed by the Bank prior to maturity for any reason whatsoever except due to unforeseen circumstances beyond the control of the Bank.

(h) Inflation risk - The possibility of a decline in the real value of cash flows of a Debenture, due to increase in inflation is referred to as inflation risk. Since the coupon rate of a fixed rate Debenture is not adjusted upwards in line with the inflation, Debentures carry an inflation risk. The interest rate of a floating rate Debenture is periodically adjusted on the basis of a selected benchmark interest rate and to the extent the benchmark rate properly reflects inflation, floating rate debentures have less inflation risk. (NOTE The proposed Debentures are Fixed rate instruments)

8. SPECIFIC RISKS RELATING TO OBJECTIVES

The proposed Debenture Issue is to initially raise up to Rs. 750Mn with an option to raise a further Rs. 500Mn in the event of an oversubscription and since demand for credit continues to grow in the market, there is no specific risk factor that may lead to non-achievement of the disbursement plan. Until such time the Debenture proceeds are utilized for the specified disbursements, any unutilized Debenture proceeds will be invested in Government Securities at zero default risk at the prevailing market rates, which would generate a return at the rate of 8.00% - 9.20% p.a.

In the event the Debenture proceeds are not fully utilized as per the stated objectives, it will lead to a reduction in net interest margins as the remaining funds would be invested in government securities as opposed to Retail, SME & Commercial Loans which generate higher NIM. The Bank has not earmarked any related parties for the lending of the proceeds of the Issue. Proceeds of the Issue will be disbursed in the ordinary course of business subject to all applicable regulations. In the event of any shortfall of funds to be generated from the proposed Debenture Issue, the Bank will adjust the asset growth to comply with the BASEL III requirements. However, we do not envisage any under-subscription to the issue as we have experienced very high demand for Bank's debt paper in the past.

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 years from the date of allotment of such Debentures and the principal sum as well as the interest payable as at such date of redemption will be paid not later than three (3) market days from the date of redemption, unless a trigger event as morefully described in this circular occurs prior to such date. If a trigger event does not occur during the tenor of the debentures, the debentures shall be redeemed at the end of the tenor and no share conversion will take place.

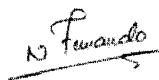
If the date of redemption falls on a day which is not a market day, then the date of redemption shall be the immediately succeeding market day and Interest shall be paid for each calendar day upto the date immediately preceding such market day.

10. EXTRAORDINARY GENERAL MEETING

Attached hereto is the Notice of Extraordinary General Meeting ("EGM") to be held on 31st March, 2020 immediately after the conclusion of the Annual General Meeting scheduled for 9.30am to give effect to the matters set out in the Notice of Meeting, i.e. to seek approval of the shareholders for the proposed issue of Debentures by way of a Special Resolution and further to seek approval of the shareholders in terms of Section 99 of the Companies Act No. 7 of 2007 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, since the same may affect the rights attached to the existing Ordinary Voting Shares of the Bank.

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 Bank at No. 450, Galle Road, Colombo 03 not less than 48 hours before the time appointed for the holding of the EGM.

BY ORDER OF THE BOARD OF DIRECTORS



Nayantha Fernando
Company Secretary

Colombo, 20th day of February, 2020



(Company Registration No.PQ 48)
No.450, Galle Road, Colombo 03.
Tel : 011 4667610, 4667612, 4667628
WEB Site : www.pabcbank.com

EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of the shareholders of Pan Asia Banking Corporation PLC will be held on 31st March, 2020 immediately after the conclusion of the Annual General Meeting scheduled for 9.30a.m at The Institute of the Chartered Accountants of Sri Lanka, No. 30A Malalasekera Mawatha, Colombo 07 for the following purpose which is further explained in the circular to the shareholders dated 20th February, 2020 accompanying this Notice.

To consider and if thought fit to pass the following as a **Special Resolution**:

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

(i) to issue by way of a unlisted issue limited to 'qualified investors' and allot up to Twelve Million Five Hundred Thousand (12,500,000) Fully Paid, Basel III Compliant, Tier 2, Unlisted, Unsecured, Subordinated, Redeemable Debentures with a Non-viability Conversion ("**Debentures**") of the par value of Rs.100/- (Rupees One Hundred) each with a maturity period of 5 years and that Ordinary Voting Shares of the Bank be issued to the holders of such Debentures to the extent of the amounts due and payable on such Debentures (i.e. capital sum paid on the debentures plus outstanding interest) in the event the Monetary Board of the Central Bank of Sri Lanka determines that a Trigger Event has occurred;

(ii) to issue upon the occurrence of a Trigger Event, Ordinary Voting Shares of the Bank ranking *equal & pari passu* with the existing ordinary voting shares immediately pursuant to the allotment to the holders of such 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) months period immediately preceding the date of the 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;

(iii) to issue upon the occurrence of a Trigger Event such Ordinary Voting Shares to the holders of such Debentures on the aforesaid basis without such Shares in the first instance being offered to the then existing Ordinary Voting Shareholders of the Bank *pari passu* to their shareholding subject to regulatory approvals.

(iv) This circular to shareholders and Notice of Meeting is dispatched to the shareholders, only after obtaining the in-principal approval of the CSE for the issuance of new shares arising out of the conversion of the said debentures.

(v) that the transfer of such Debentures will be limited to 'qualified investors'."

BY ORDER OF THE BOARD OF DIRECTORS

Nayantha Fernando
Company Secretary
Colombo, 20th day of February, 2020

Note: A member is entitled to appoint a Proxy to attend and represent on his/her behalf. A Proxy need not be a member of the Bank. A Form of Proxy is attached for the purpose. The instrument appointing a Proxy must be deposited at the Registered Office of the Bank at No.450, Galle Road, Colombo 03, not less than forty eight (48) hours before the time fixed for holding of the meeting. You are kindly requested to bring with you, your National Identity Card or any valid source of identification. (e.g. Driving Licence, Passport).