PROSPECTUS

INVEST IN STABILITY

UNION BANK OF COLOMBO PLC

BASEL III COMPLIANT HIGH YIELD DEBENTURE 2026



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UNION BANK

Transforming Lives

Fitch BBB- (lka) Union Bank of Colombo PLC is a licensed Commercial Bank supervised by the Central Bank of Sri Lanka. Com. Reg: PB 676 PQ

UNION BANK OF COLOMBO PLC

PROSPECTUS

AN INITIAL ISSUE OF UP TO TWENTY MILLION (20,000,000) BASEL III COMPLIANT-TIER 2 LISTED RATED UNSECURED SUBORDINATED REDEEMABLE HIGH YIELD DEBENTURES (2026/2031) WITH NON-VIABILITY CONVERSION ("BASEL III COMPLIANT HIGH YIELD DEBENTURES"), OF THE PAR VALUE OF SRI LANKA RUPEES ONE HUNDRED (LKR 100/-) EACH BY UNION BANK OF COLOMBO PLC WITH AN OPTION TO ISSUE UP TO A FURTHER TEN MILLION (10,000,000) OF SAID BASEL III COMPLIANT HIGH YIELD DEBENTURES AT THE DISCRETION OF THE BANK IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ISSUE TO RAISE A MAXIMUM AMOUNT OF SRI LANKAN RUPEES THREE BILLION (LKR 3,000,000,000/-)

MAXIMUM ISSUE WILL NOT EXCEED THIRTY MILLION (30,000,000) OF SAID BASEL III COMPLIANT HIGH YIELD DEBENTURES OF A VALUE NOT EXCEEDING SRI LANKA RUPEES THREE BILLION (LKR 3,000,000,000/-)

TO BE LISTED ON THE COLOMBO STOCK EXCHANGE

BB (lka) by Fitch Ratings Lanka Limited

ISSUE OPENS ON

10 March 2026

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

Managers and Placement Agent to the Issue

First Capital
A Janashakthi Group Company

FIRST CAPITAL ADVISORY SERVICES (PVT) LTD

The Colombo Stock Exchange (CSE) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, CSE assumes no responsibility for accuracy of the statements made, opinions expressed, omitted statements or reports included in this Prospectus. Moreover, the CSE does not regulate the pricing of BASEL III Compliant High Yield Debentures which is decided solely by the Issuer.

The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Bank since the date of this Prospectus. If any material change in the affairs of the Bank occurs subsequent to the Prospectus date and before the Issue opening, same will be notified by way of a market disclosure/an addendum.

By acquiring any BASEL III Compliant High Yield Debenture, each BASEL III Compliant High Yield Debenture Holder irrevocably consents to the Principal Amount of the BASEL III Compliant High Yield Debenture and any accrued and unpaid interest thereon being deemed paid in full by the issuance of ordinary voting shares upon occurrence of a Trigger Event and the resulting Non-Viability Conversion required to be effected by the Bank.

Upon a Non-Viability Conversion;

i. **The Trustees shall not be required to take any further directions from holders/beneficial owners of the BASEL III Compliant High Yield Debentures under the Trust Deed and**

ii. **The Trust Deed shall impose no duties upon the Trustees whatsoever with respect to conversion of the BASEL III Compliant High Yield Debentures into ordinary voting shares upon a Trigger Event**

iii. **Upon the occurrence of a Trigger Event, each outstanding BASEL III Compliant High Yield Debenture of this Issue will be converted, on a full and permanent basis**

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

This investment instrument is riskier than a bank deposit.

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

Please refer to the "Risk Factors Section" of the Prospectus for further details.

Each potential Qualified Investor in these BASEL III Compliant High Yield Debentures must determine the suitability of investment in light of its own circumstances. In particular, each potential Qualified Investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether the Qualified Investor:

i. **Has sufficient knowledge and experience to make a meaningful evaluation of these BASEL III Compliant High Yield Debentures, the merits and risks of investing in the BASEL III Compliant High Yield Debentures and the information contained or incorporated by reference in this Prospectus;**

ii. **Has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in these BASEL III Compliant High Yield Debentures and the impact the BASEL III Compliant High Yield Debentures will have on its overall investment portfolio;**

iii. **Has sufficient financial resources and liquidity to bear all of the risks of an investment in these BASEL III Compliant High Yield Debentures;**

iv. **Understands thoroughly the terms of these BASEL III Compliant High Yield Debentures, including the provisions relating to the Non-Viability Conversion of the BASEL III Compliant High Yield Debentures, and is familiar with the behavior of financial markets; and**

v. **Is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.**

A potential investor should not invest in these BASEL III Compliant High Yield Debentures unless the Qualified Investor has the expertise (either alone or with its financial and other professional advisors) to evaluate how the BASEL III Compliant High Yield Debentures will perform under changing conditions, the resulting effects on the value of the BASEL III Compliant High Yield Debentures and the impact this investment will have on the potential Qualified Investor's overall investment portfolio.

This Prospectus is dated 26 February 2026

Responsibility for the Content of the Prospectus

This Prospectus has been prepared with available information.

The Directors of Union Bank of Colombo PLC (the Bank or the Issuer) have seen and approved this Prospectus and collectively and individually, accept full responsibility for the accuracy and completeness of the information given and confirm that after making all reasonable inquiries and to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Bank have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Bank and making assumptions that are considered to be reasonable at the present point in time in its best judgment.

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

Registration of the Prospectus

A copy of the Prospectus has been delivered to the Registrar of Companies for registration in compliance with the provisions of Section 40 of the Companies Act No.7 of 2007. The following are the documents attached to the copy of the Prospectus delivered to the Registrar of Companies for registration pursuant to Section 40(1) of the Companies Act.

a) The written consent of the Auditors and Reporting Accountants for the inclusion of their name in the Prospectus as Auditors and Reporting Accountants to the Issue and to the Bank.
b) The written consent of the Rating Agency for the inclusion of their name in the Prospectus as Rating Agency to the Issue and to the Bank.
c) The written consent of the Trustee to the Issue for the inclusion of their name in the Prospectus as Trustee to the Issue.
d) The written consent of the Bankers to the Issue for the inclusion of their name in the Prospectus as Bankers to the Issue.
e) The written consent of the Company Secretary of the Bank for the inclusion of the name in the Prospectus as Company Secretary to the Bank.
f) The written consent of the Registrars to the Issue for the inclusion of their name in the Prospectus as Registrars to the Issue.
g) The written consent of the Lawyers to the Issue for the inclusion of their name in the Prospectus as Lawyers to the Issue.
h) The written consent of the Managers and Placement Agent to the Issue for the inclusion of their names in the Prospectus as Managers and Placement Agent to the Issue.
i) The declaration made and subscribed to, by each of the Directors of the Bank herein named as a Director, jointly and severally confirming that each of them have read the provisions of the Companies Act and the CSE Listing Rules relating to the Issue of the Prospectus and that those provisions have been complied with.

The said Auditors and Reporting Accountants to the Issue and to the Bank, Trustee to the Issue, Bankers to the Issue, Company Secretary, Managers and Placement Agent to the Issue, Registrars to the Issue, Lawyers to the Issue, Rating Agency have not, before the delivery of a copy of the Prospectus for registration with the Registrar of Companies in Sri Lanka withdrawn such consent.

Registration of the Prospectus in Jurisdictions Outside of Sri Lanka

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

Representation

The BASEL III Compliant High Yield Debentures are issued solely on the basis of the information contained and representations made in this Prospectus. No dealer, salesperson, individual or any other outside party has been authorized to give any information or to make any representation in this connection with the Issue other than the information and representations contained in this Prospectus and if given or made such information or representations must not be relied upon as having been authorized by the Bank.

Forward Looking Statements

Any Statements included in this Prospectus that are not statements of historical fact constitute "Forward Looking Statements". These can be identified by the use of forward looking terms such as "expect", "anticipate", "intend", "may", "plan to", "believe", "could" and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all or any statements pertaining to expected financial position, business strategy, plans and prospects of the Bank are classified as Forward Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Bank operates and its ability to respond to them, the Bank's ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, interest rate volatilities, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Bank.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Bank's present and future business strategies and the environment in which the Bank will operate in the future.

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

Presentation of Currency Information and Other Numerical Data

The financial statements of the Bank and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to "LKR", "Rupees" or "Rs." is the lawful currency of Sri Lanka. Certain numerical figures in the Prospectus have been subject to rounding adjustments, accordingly numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. All numerical figures given under Section 7 of the Prospectus are audited figures unless otherwise stated.

IMPORTANT

All Qualified Investors should indicate in the Application for BASEL III Compliant High Yield Debentures, their Central Depository Systems (Private) Limited (CDS) account number.

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

As per the directive of the Securities and Exchange Commission made under Circular No.08/2010 dated 22nd November 2010 and Circular No.13/2010 issued by the CDS dated 30th November 2010, all BASEL III Compliant High Yield Debentures are required to be directly deposited into the CDS. To facilitate compliance with this directive, all Qualified Investors are required to indicate their CDS account number.

In line with this directive, THE BASEL III COMPLIANT HIGH YIELD DEBENTURES ALLOTTED TO A QUALIFIED INVESTOR WILL BE DIRECTLY DEPOSITED IN THE CDS ACCOUNT OF SUCH QUALIFIED INVESTOR, the details of which is indicated in their Application Form. If the CDS account number indicated in the Application Form is found to be inaccurate /incorrect or there is no CDS number indicated, the Application will be rejected, and no allotments will be made. The Bank may require a Qualified Investor to provide such documentation as is reasonably necessary to satisfy itself that the investor is a Qualified Investor.

PLEASE NOTE THAT BASEL III COMPLIANT HIGH YIELD DEBENTURE CERTIFICATES WILL NOT BE ISSUED, HOWEVER, PLEASE NOTE THAT UPON THE ALLOTMENT OF BASEL III COMPLIANT HIGH YIELD DEBENTURES UNDER THIS ISSUE, THE ALLOTTED BASEL III COMPLIANT HIGH YIELD DEBENTURES WOULD BE CREDITED TO THE APPLICANT'S CDS ACCOUNT INDICATED IN THE APPLICATION FORM.

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

ISSUE AT A GLANCE

<table>
<tr><td>Issuer</td><td>Union Bank of Colombo PLC</td></tr>
<tr><td>Instrument</td><td>BASEL III Compliant - Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable High Yield Debentures with a Non-Viability Conversion.</td></tr>
<tr><td>Listing</td><td>The BASEL III Compliant High Yield Debentures will be listed on the Colombo Stock Exchange</td></tr>
<tr><td>Number of BASEL III Compliant High Yield Debentures to be Issued</td><td>An initial Issue of up to Twenty Million (20,000,000) BASEL III compliant High Yield Debentures, with an option to issue up to a further Ten Million (10,000,000) of said BASEL III Compliant High Yield Debentures at the discretion of the Bank in the event of an over subscription of the initial Issue.</td></tr>
<tr><td>Amount to be Raised</td><td>A sum of up to Sri Lanka Rupees Two Billion (LKR 2,000,000,000/-) with an option to issue up to a further Sri Lanka Rupees One Billion (LKR 1,000,000,000/-) at the discretion of the Bank in the event of an over subscription of the initial Issue.</td></tr>
<tr><td>Entity Rating</td><td>BBB- (lka)/ Negative by Fitch Ratings Lanka Limited</td></tr>
<tr><td>Issue Rating</td><td>BB (lka) by Fitch Ratings Lanka Limited</td></tr>
<tr><td>Trading currency in which the BASEL III Compliant High Yield Debentures are to be listed and traded on the Exchange</td><td>Sri Lankan Rupees</td></tr>
<tr><td>Issue Price</td><td>Rupees One Hundred (LKR 100/-) per each BASEL III Compliant High Yield Debenture</td></tr>
<tr><td>Par Value</td><td>Rupees One Hundred (LKR 100/-) per each BASEL III Compliant High Yield Debenture</td></tr>
<tr><td>Details of BASEL III Compliant High Yield Debentures</td><td>BASEL III Compliant High Yield Debentures, as described below;
<table>
<tr><th>Type of Interest</th><th>Tenure</th><th>Interest Rate (per annum)</th><th>Annual Effective Rate (AER)</th><th>Interest Payment Frequency</th></tr>
<tr><td>Fixed Rate</td><td>5 years</td><td>13%</td><td>13%</td><td>Annually</td></tr>
<tr><td>Fixed Rate</td><td>5 years</td><td>12.50%</td><td>12.89%</td><td>Semi-Annually</td></tr>
<tr><td>Floating Rate</td><td>5 years</td><td>182 Days T-Bill + 400bps</td><td>-</td><td>Semi-Annually</td></tr>
</table></td></tr>
<tr><td>Minimum Number of BASEL III Compliant High Yield Debentures to be Subscribed</td><td>The minimum subscription requirement applicable for a Qualified Investor applying for BASEL III Compliant High Yield Debentures shall be Rupees Ten Thousand (LKR 10,000/-).

Provided however, the minimum subscription requirement applicable for an individual Investor applying for BASEL III Compliant High Yield Debt Securities as per Rule 2.2.1 (k), Rule 2.2.1 (q) and Rule 2.2.1 (u) ii. which are to be read with the Definitions Section of the CSE Listing Rules shall be Rupees Five Million (LKR 5,000,000/-).

Any Application in excess of the minimum subscription requirement shall be in multiples of Rupees Ten Thousand (LKR 10,000/-).</td></tr>
</table>

Interest Payment Date(s)	The dates on which payments of interest in respect of the BASEL III Compliant High Yield Debentures shall fall due, which shall be twelve (12) months from the Date of Allotment and every twelve (12) months therefrom from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.
Interest Period	The twelve (12) month period from an Interest Payment Date and ending on the date immediately preceding the next Interest Payment Date (inclusive of the aforementioned commencement date and end date) and shall include the period commencing from the Date of Allotment and ending on the date immediately preceding the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date).
Mode of Payment of Principal Sum and Interest	Through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as SLIPS and RTGS where accurate bank account details are provided by the BASEL III Compliant High Yield Debenture Holders subject to the prevalent limitation with regard to SLIPS transfers and RTGS or by cheque marked "Account Payee Only" in the event of insufficient bank account information of the BASEL III Compliant High Yield Debenture Holders in the CDS.
Issue Opening Date	10 March 2026
Date of Redemption / Maturity Date	Date on which the redemption of the BASEL III Compliant High Yield Debentures will take place as referred to in Section 5.6 of this Prospectus.
Date of Allotment	The date on which the BASEL III Compliant High Yield Debentures will be allotted by the Bank to Applicants subscribing thereto.
Closure Date of the Subscription List	Subject to the provisions contained below, the subscription list for the BASEL III Compliant High Yield Debentures will open at 9.30 a.m. on 10 March 2026 and will remain open for fourteen (14) Market Days including the Issue opening date until closure at 4.30 p.m. on 27 March 2026. However, the subscription list will be closed on an earlier date at 4.30 p.m. with notification to the CSE on the occurrence of the following: - The maximum of Thirty Million (30,000,000) BASEL III Compliant High Yield Debentures being fully subscribed; or - The Board of Directors of the Bank decides to close the Issue upon the initial Issue of Twenty Million (20,000,000) BASEL III Compliant High Yield Debentures becoming fully subscribed. In the event the Board of Directors of the Bank decides to exercise the option to issue further up to a further Ten Million (10,000,000) BASEL III Compliant High Yield Debentures (having subscribed the initial Issue of Twenty Million (20,000,000) High Yield BASEL III Compliant Debentures) but subsequently decides to close the subscription list upon part of the further issue of Ten Million (10,000,000) BASEL III Compliant High Yield Debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made, and the subscription list will be closed on the following Market Day at 4.30 pm.

	In the event the Board of Directors of the Bank decides to close the BASEL III Compliant High Yield Debenture Issue without the full subscription of the initial Twenty Million (20,000,000) BASEL III Compliant High Yield Debentures, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day at 4.30 pm. (refer Section 5.2 of this Prospectus).
Basis of Allotment	In the event of an over subscription, the Board of Directors of the Bank has appointed authorised personnel to decide the basis of allotment of the BASEL III Compliant High Yield Debentures in a fair and equitable manner within seven (07) Market days from the closure of the Issue. **The authorised personnel appointed by the Board shall reserve the right to allocate up to a maximum of 75% of the Number of BASEL III Compliant High Yield Debentures to be allotted under this Prospectus on a preferential basis, to identified institutional investor/s of strategic importance with whom the Bank might have mutually beneficial relationships in the future as future investors, who are Qualified Investors.** Number of BASEL III Compliant High Yield Debentures to be allotted to identified institutional investor/s of strategic and operational importance, on a preferential basis or otherwise will not exceed 75% of the total number of BASEL III Compliant High Yield Debentures to be issued under this Prospectus under any circumstances, unless there is an under subscription from the other investors (investors that do not fall under preferential category).
Non-Viability Conversion	In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Central Bank of Sri Lanka, there would be a conversion of BASEL III Compliant High Yield Debentures to ordinary voting shares by the Bank without any requirement of approval by the BASEL III Compliant High Yield Debenture Holders, in compliance with BASEL III requirements. Upon the occurrence of a Trigger Event, the outstanding balance of the BASEL III Compliant High Yield Debentures including the total Par Value of the BASEL III Compliant High Yield Debentures and the debenture interest accrued and unpaid as at that date will be permanently converted to ordinary voting shares at the Conversion Price. In the event of any BASEL III Compliant High Yield 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.
Conversion Price	The price based on the simple average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting share during the three months (03) period, immediately preceding the date of the Trigger Event.
Volume Weighted Average Price (VWAP)	The daily Volume Weighted Average Price (VWAP) of an ordinary voting share as published by the Colombo Stock Exchange.

Trigger Event	Means the earlier of a point or event at which the Governing Board of the Central Bank of Sri Lanka in terms of item 10 (iii) (a and b) of Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No. 1 of 2016 dated 29th December 2016 (as may be amended from time to time) determines: (a) 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 said Directions; 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 said Directions.

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1 CORPORATE INFORMATION

Name of the Bank/Issuer	Union Bank of Colombo PLC
Legal Status	A Public Limited Liability Company incorporated under the Companies Act No. 17 of 1982. Re-registered under the Companies Act No. 07 of 2007. Listed as a public quoted Company at the Colombo Stock Exchange. A Licensed Commercial Bank under the Banking Act No.30 of 1988 (as amended).
Company Number	PB 676 PQ
Place of Incorporation	Colombo, Sri Lanka
Registered Address	Union Bank of Colombo PLC No. 64, Galle Road, Colombo 03 Tel: +94 11 2 374 100 / Fax: +94 11 2 337 818
Company Secretary	Ms. Laswie Tsung Union Bank of Colombo PLC No. 64, Galle Road, Colombo 03 Tel: +94 11 2 374 100 (Ext. 2910)
Rating Agency	Fitch Ratings Lanka Limited No.15-02, East Tower World Trade Centre Colombo 01 Tel: +94 11 2 541 900 / Fax: +94 11 2 541 903
Auditors	M/s Ernst & Young Chartered Accountants No. 109, Rotunda Towers Galle Road Colombo 03 Tel: +94 11 2 463 500 / Fax: +94 11 2 697 369
Board of Directors	Mr. Dinesh Weerakkody – Chairman– Independent Non-Executive Director Mr. Nirvana Chaudhary – Deputy Chairman – Non-Independent Non-Executive Director Mr. Dilshan Rodrigo – Chief Executive Officer – Executive Director Ms. Dilshani Wijayawardana – Independent Non-Executive Director Mr. Sabry Ibrahim – Independent Non-Executive Director Mr. Sanjay Pohkrel – Non-Independent Non-Executive Director Dr. Dharmasri Kumaratunge – Independent Non-Executive Director Mr. Mahesh Nanayakkara – Independent Non-Executive Director Mr. Gyanendra Dhungana – Non-Independent Non-Executive Director

2 RELEVANT PARTIES TO THE ISSUE

Managers and Placement Agent to the Issue	First Capital Advisory Services (Pvt) Ltd No. 2, Deal Place Colombo 03 Tel: + 94 11 2 639 873 Fax: +94 11 2 639 819
Lawyers to the Issue	M/s Nithya Partners No. 97A, Galle Road Colombo 03 Tel: + 94 11 4 712 625 / Fax: + 94 11 2 328 817
Registrars to the Issue	M/s S S P Corporate Services (Private) Limited 101, Inner Flower Road, Colombo 03, Sri Lanka. Tel: + 94 11 2 573 894 / Fax: + 94 11 2 573 609
Trustee to the Issue	National Development Bank PLC No. 40, Navam Mawatha Colombo 02 Tel: + 94 11 2 448 448 / Fax: +9 4 11 2 341 049
Company Secretary	Ms. Laswie Tsung Union Bank of Colombo PLC No. 64, Galle Road, Colombo 03 Tel: +94 11 2 374 100 (Ext. 2910)
Rating Agency to the Issue	Fitch Ratings Lanka Limited No.15-02, East Tower World Trade Centre Colombo 01 Tel: +94 11 2 541 900 / Fax: +94 11 2 541 903
Bankers to the Issue	Union Bank of Colombo PLC No. 64, Galle Road, Colombo 03 Tel: +94 11 2 374 100 / Fax: +94 11 2 337 818
Auditors and Reporting Accountants to the Issue	M/s Ernst & Young Chartered Accountants No. 109, Rotunda Towers Galle Road Colombo 03 Tel: +94 11 2 463 500 / Fax: +94 11 2 697 369

3 LIST OF ABBREVIATIONS

AER	Annual Effective Rate
ATM	Automated Teller Machine
CAR	Capital Adequacy Ratio
CBSL	Central Bank of Sri Lanka
CCB	Capital Conservation Buffer
CDS	Central Depository Systems (Private) Limited
CRM	Cash Recycler Machine
CSE	Colombo Stock Exchange
D-SIBs	Domestically Systemically Important Banks
HLA	Higher Loss Absorbency
IIA	Inward Investment Account
UBC/Issuer/Bank	Union Bank of Colombo PLC
NIC	National Identity Card
POA	Power of Attorney
RTGS	Real Time Gross Settlement
SEC	Securities and Exchange Commission of Sri Lanka
SLIPS	Sri Lanka Inter Bank Payment System
SME	Small and Medium Enterprise
SSCL	Social Security Contribution Levy
VAT	Value Added Tax

4 GLOSSARY OF TERMS RELATED TO THE ISSUE

Applicant	Any person identified as a Qualified Investor who submits an Application Form under this Prospectus.
Application Form/Application	The Application Form that constitutes part of this Prospectus through which an Applicant may apply for the BASEL III Compliant High Yield Debentures in Issue.
Bank/ Issuer	Union Bank of Colombo PLC
BASEL III	A Global Regulatory Framework for More Resilient Banks and Banking System, issued by the Basel Committee on Banking Supervision of the Bank for International Settlement in December 2010 (Revised in June 2011).
Closure Date	Subject to the provisions contained below, the subscription list for the BASEL III Compliant High Yield Debentures will open at 9.30 a.m. on 10 March 2026 and will remain open for fourteen (14) Market Days including the Issue opening date until closure at 4.30 p.m. on 27 March 2025. However, the subscription list will be closed on an earlier date at 4.30 p.m. with notification to the CSE on the occurrence of the following: - The maximum of Thirty Million (30,000,000) BASEL III Compliant High Yield Debentures being fully subscribed; or - The Board of Directors of the Bank decides to close the Issue upon the initial Issue of Twenty Million (20,000,000) BASEL III Compliant High Yield Debentures becoming fully subscribed. In the event the Board of Directors of the Bank decides to exercise the option to issue further up to a further Ten Million (10,000,000) BASEL III Compliant High Yield Debentures (having subscribed the initial Issue of Twenty Million (20,000,000) BASEL III Compliant High Yield Debentures) but subsequently decides to close the subscription list upon part of the further issue of Ten Million (10,000,000) BASEL III Compliant High Yield Debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made, and the subscription list will be closed on the following Market Day at 4.30 pm. In the event the Board of Directors of the Bank decides to close the BASEL III Compliant High Yield Debenture Issue without the full subscription of the initial Twenty Million (20,000,000) BASEL III Compliant High Yield Debentures, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day at 4.30 pm. (refer Section 5.2 of this Prospectus).

Conversion Price	The price based on the simple average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting share during the three months (03) period, immediately preceding the date of the Trigger Event.
Date of Allotment	The date on which the BASEL III Compliant High Yield Debentures will be allotted by the Bank to Applicants subscribing thereto.
Date of Redemption	The date on which Redemption of the BASEL III Compliant High Yield Debentures will take place as referred to in Section 5.6 of this Prospectus.
High Yield BASEL III Compliant Debentures	BASEL III Compliant – Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable High Yield Debenture Issue with a Non - Viability Conversion, to be issued pursuant to this Prospectus.
BASEL III Compliant High Yield Debenture Holder(s)	Any person who is for the time being the holder of the BASEL III Compliant High Yield Debentures and includes his/her respective successors in title.
Entitlement Date	The Market Day immediately preceding the respective Interest Payment Date or Date of Redemption, in the event a Trigger Event does not occur.
High Yield Corporate Debt Security	Means debt securities which have a credit rating below the minimum rating stipulated in Rule 2.2.1 (c) (b) (ii) and one notch above "Default" rating, issued by a rating agency licensed by the SEC.
Interest Payment Date(s)	The dates on which payments of interest in respect of the BASEL III Compliant High Yield Debentures shall fall due, which shall be twelve (12) months from the Date of Allotment and every twelve (12) months therefrom from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.
Interest Period	The twelve (12) month period from an Interest Payment Date and ending on the date immediately preceding the next Interest Payment Date (inclusive of the aforementioned commencement date and end date) and shall include the period commencing from the Date of Allotment and ending on the date immediately preceding the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date).
Issue	The offer of BASEL III Compliant High Yield Debentures to Qualified Investors pursuant to this Prospectus.
Issue Price	Rupees One Hundred (LKR 100/-) per each BASEL III Compliant High Yield Debenture
Market Day	Any day on which trading takes place at the CSE.
Non-Resident(s)	Any persons resident outside Sri Lanka including country funds, regional funds, investment funds and mutual funds established outside Sri Lanka.
Non Viability Conversion	In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Central Bank of Sri Lanka, there would be a conversion of BASEL III Compliant High Yield Debentures to ordinary voting shares by the Bank without any requirement of approval by the BASEL III Compliant High Yield Debenture Holders in compliance with BASEL III requirements.

	Upon the occurrence of a Trigger Event, the outstanding balance of the BASEL III Compliant High Yield Debentures including the total Par Value of the BASEL III Compliant High Yield Debentures and BASEL III Compliant High Yield Debenture interest accrued and unpaid (if any) as at that date will be permanently converted to ordinary voting shares at the Conversion Price. In the event of any BASEL III Compliant High Yield 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.
Par Value	LKR 100/- per each BASEL III Compliant High Yield Debenture
Principal Sum	The product of the number of BASEL III Compliant High Yield Debentures allotted and the Par Value
Prospectus	This prospectus dated 26 February 2026 issued by Union Bank of Colombo PLC
Qualified Investor	(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. (i) An investment trust or investment company (j) A Non-Resident institutional investor (k) An individual with an initial investment amount of LKR 5,000,000/-
Redemption	Repayment of the Principal Sum and unpaid and accrued interest (if any) with regard to a BASEL III Compliant High Yield Debenture to a BASEL III Compliant High Yield Debenture Holder by the Bank
Registered Address	The address provided by the BASEL III Compliant High Yield Debenture Holders to the CDS

Subordinated	Means the claims of the BASEL III Compliant High Yield Debenture Holders shall in the event of winding up of the Bank rank after all the claims of secured and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank, but shall rank *pari passu* to the claims of subordinated claims of the Bank and shall rank in priority to and over the claims of the ordinary and preference shareholder/s of the Bank **unless there has been an issuance of ordinary voting shares to the BASEL III Compliant High Yield Debentures Holders upon the occurrence of a Trigger Event in which case a BASEL III Compliant High Yield Debenture Holder would cease to be a BASEL III Compliant High Yield Debenture Holder and become a shareholder of the Bank to the extent of such issuance**
Tier 2	Tier 2 Capital includes qualifying Tier 2 capital instruments, revaluation gains approved by CBSL and general loan loss provision of the Bank
Trigger Event	Means the earlier of a point or event at which the Governing Board of the Central Bank of Sri Lanka in terms of item 10 (iii) of Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No. 1 of 2016 dated 29th December 2016 (as may be amended from time to time) determines: (a) 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 said Directions; 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 said Directions
Trustee	National Development Bank PLC
Trust Deed	Trust Deed executed between the Bank and National Development Bank PLC on 17 February 2026
Unsecured	Repayment of the Principal Sum and payment of interest on the BASEL III Compliant High Yield Debentures are not secured by a charge on any assets of the Issuer
Volume Weighted Average Price (VWAP)	The daily Volume Weighted Average Price (VWAP) of an ordinary voting share as published by the Colombo Stock Exchange

5 PRINCIPAL FEATURES OF THE BASEL III COMPLIANT HIGH YIELD DEBENTURES

5.1 INVITATION TO SUBSCRIBE

The Board of Directors of Union Bank of Colombo PLC (hereinafter referred to as the "Board") via a circular resolution on 18th September 2025 resolved to raise a sum of Rupees Three Billion (LKR 3,000,000,000/-) by an initial issue of up to Twenty Million (20,000,000) BASEL III Compliant High Yield Debentures, each with a Par Value of LKR 100/- and to raise a further sum of Rupees One Billion (LKR 1,000,000,000/-) by an issue of up to a further Ten Million (10,000,000) BASEL III Compliant High Yield Debentures, in the event of an over subscription of the initial issue.

As such a maximum amount of Rupees Three Billion (LKR 3,000,000,000) would be raised by the issue of a maximum of Thirty Million (30,000,000) BASEL III Compliant High Yield Debentures each with the Par Value of LKR 100/-.

The rights of the BASEL III Compliant High Yield Debenture Holders with respect to payment of the Principal Sum and accrued interest due thereon upon a winding - up of the Bank will rank after all claims of secured and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank, but shall rank *pari passu* to the claims of subordinated claims of the Bank and shall rank in priority to and over the rights of any ordinary and preference shareholder/s. However, if there has been an issuance of ordinary voting shares to the BASEL III Compliant High Yield Debenture Holders upon the occurrence of a Trigger Event a BASEL III Compliant High Yield Debenture Holder would cease to be a BASEL III Compliant High Yield Debenture Holder and would become a shareholder of the Bank to the extent of such issuance and will rank equal and *pari passu* with existing ordinary shareholders.

The below mentioned BASEL III Compliant High Yield Debentures will be offered to the public:

Tenure	Interest Rate Basis	Issue Price per BASEL III Compliant High Yield Debenture (LKR)	Description
5 Years	Fixed	100	13.00% p.a. payable annually [AER 13.00%]
5 Years	Fixed	100	12.50% p.a. payable semi-annually [AER 12.89%]
5 Years	Floating	100	182 Days T-Bill + 400bps payable semi-annually

It is the intention of the Bank to list the BASEL III Compliant High Yield Debentures on the Colombo Stock Exchange. The CSE has given its in principle approval for the listing of the BASEL III Compliant High Yield Debentures and any ordinary voting shares which would be issued upon the occurrence of a Trigger Event (if any) on the CSE. However, the CSE reserves the right to withdraw such approval, in the circumstances set out in Rule 2.3 of the CSE Listing Rules.

Basel III Compliant – Tier 2, Listed, Rated, Unsecured, Subordinate, Redeemable High Yield Debentures issued under the Prospectus are not subject to an early redemption. However, BASEL III Compliant High Yield Debentures shall become immediately payable at the option of the Trustee on the occurrence of an event of default as contemplated in Clause 10.1 of the Trust Deed or with the prior written approval from the CBSL and the approval of the BASEL III Compliant High Yield Debenture Holders representing three fourth (3/4th) in nominal value of the BASEL III Compliant High Yield Debentures outstanding when the principal sum is repaid before maturity. This BASEL III Compliant High Yield Debenture is not collateralized by any asset of the Bank.

As per Section 2.2.1 (q) and Section 2.2.1 (u) ii. of the CSE Listing Rules, only Qualified Investors would be eligible to invest in the said BASEL III Compliant High Yield Debentures. Further, as set out in Rule 3.3.5 (ii) (a) (ii) and 3.3.15 i (i) (e), of the CSE Listing Rules, the secondary trading of these BASEL III Compliant High Yield Debentures shall also be limited to Qualified Investors. Accordingly, the allotment and the secondary market trading of the BASEL III Compliant High Yield Debentures are limited to the Qualified Investors.

5.2 SUBSCRIPTION LIST

Subject to the provisions contained below, the subscription list for the BASEL III Compliant High Yield Debentures will open at 9.30 a.m. on 10 March 2026 and will remain open for fourteen (14) Market Days including the Issue opening date until closure at 4.30 p.m. on 27 March 2026.

However, the subscription list will be closed on an earlier date at 4.30 p.m. with notification to the CSE on the occurrence of the following:

- The maximum of Thirty Million (30,000,000) BASEL III Compliant High Yield Debentures being fully subscribed; or
- The Board of Directors of the Bank decides to close the Issue upon the initial Issue of Twenty Million (20,000,000) BASEL III Compliant High Yield Debentures becoming fully subscribed.

In the event the Board of Directors of the Bank decides to exercise the option to issue further up to Ten Million (10,000,000) BASEL III Compliant High Yield Debentures (having subscribed the initial Issue of Twenty Million (20,000,000) BASEL III Compliant High Yield Debentures) but subsequently decides to close the subscription list upon part of the further Issue of Ten Million (10,000,000) BASEL III Compliant High Yield Debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day at 4.30 p.m.

In the event the Board of Directors of the Bank decides to close the BASEL III Compliant High Yield Debenture Issue without the full subscription of the initial Twenty Million (20,000,000) BASEL III Compliant High Yield Debentures, such decision is to be notified to the CSE on the day such decision is made and subscription list will be closed on the following Market Day at 4.30 p.m.

5.3 OBJECTIVES OF THE ISSUE & SPECIFIC RISK RELATING TO THE OBJECTIVES OF THE BASEL III COMPLIANT HIGH YIELD DEBENTURE ISSUE

The Bank proposes to utilise the entirety of the funds raised through this Issue for the purpose of achieving the following objectives;

a. Improve and further strengthen the Capital Adequacy Ratio (CAR) in line with the BASEL III guidelines.

Funds raised from the BASEL III Compliant High Yield Debenture Issue/s will be utilized to improve the Tier 2 capital of the Bank under the BASEL III regulations.

In December 2016, CBSL issued Banking Act Direction No. 1 of 2016 revising the minimum capital requirement for Banks with effect from 01st July 2017. Subsequently, on 20th December 2019, Banking Direction Act No. 11 and Banking Act Direction No. 11 of 2019, on the 23rd May 2022 Banking Act Direction No.04 of 2022 and on the 19th of July 2024 Banking Direction Act No.04 of 2024 was issued by CBSL amending the directions on capital requirements under BASEL III for licensed commercial banks and licensed specialised banks.

In terms of the Direction No. 11 of 2019 dated 20th December 2019, banks which are determined as Domestically Systemically Important Banks (D-SIBs) will require to maintain an additional Higher Loss Absorbency (HLA) requirement in the form of Common Equity Tier 1.

The revised requirement for banks commencing from 20th December 2019 is to be as follows:

Components of Capital	BASEL III- Minimum Regulatory Requirement	
	All Licensed Banks	Banks determined as Domestically Systemically Important Banks
Common Equity Tier 1 including Capital Conservation Buffer	7.0%	7.0% + HLA
Total Tier 1 including Capital Conservation Buffer	8.5%	8.5%+ HLA
Total Capital Ratio* including Capital Conservation Buffer	12.5%	12.5%+ HLA

*Total Capital Ratio includes Tier 1 Capital and Tier 2 Capital.

The Banking Act Direction No. 04 of 2022, dated 23rd May 2022, allows licensed banks to drawdown on the Capital Conservation Buffer (CCB) up to 2.5% subject to the conditions stipulated in the Banking Act Direction No. 01 of 2016 (as amended) on Capital Requirements under Basel III for licensed commercial banks and licensed specialised banks. If a bank draws down the CCB, a Board approved capital augmentation plan on rebuilding the CCB to 2.5% within 3 years is required to be submitted to the CBSL. The Bank has not drawn down the CCB.

Union Bank of Colombo PLC's Capital Adequacy Ratio (CAR) under BASEL III

The Bank has complied with the BASEL III minimum capital adequacy requirement as at 30th September 2025 with Tier 1 ratio of 12.19% and Total capital ratio of 13.23% respectively.

The forecasted ratios taking into account the intended proceeds of the BASEL III Compliant High Yield Debenture Issue computed under BASEL III will be as follows.

Components	Bank's Ratios as at 30th September 2025*	Minimum Regulatory Requirement as at 30th September 2025	Expected (%), subsequent to the BASEL III Compliant High Yield Debenture Issue/s as at 31st March 2026 for LKR 2.0 Bn	Expected (%), subsequent to the BASEL III Compliant High Yield Debenture Issue/s as at 31st March 2026 for LKR 3.0 Bn
Common Equity Tier 1 including Capital Conservation Buffer	12.19%	7.00%	10.69%	10.69%
Total Tier 1 including Capital Conservation Buffer	12.19%	8.50%	10.69%	10.69%
Total Capital Ratio** including Capital Conservation Buffer	13.23%	12.50%	13.09%	13.83%

*Unaudited financials

**Total Capital Ratio includes Common Equity Tier 1 Capital of Rs. 14.79 Bn and General Provisions of Rs. 1.26 Bn under Tier 2 Capital.

The Bank is of the view that the CAR of the Bank should be maintained at a level above the minimum requirement in order to accommodate the projected asset growth.

In the unlikely event of any shortfall of funds to be generated from the proposed BASEL III Compliant High Yield Debenture Issue, the Bank will adjust the asset growth to maintain the desired level of CAR.

The Bank is required to and has obtained approval from the CBSL to issue and list High Yield Corporate Debt Securities.

Furthermore, the Bank is required to and has obtained approval from CBSL on the 11th of November 2025 to include the BASEL III Compliant High Yield Debentures as Tier 2 capital. The above approval is subject to the following conditions.

a) Complying with the conditions stipulated in the Banking Act Directions, No. 01 of 2016 on Capital Requirements under BASEL III for Licensed Commercial Banks and Licensed Specialised Banks, at all times.
b) Clearly indicating the features of subordinated debentures, including the principal loss absorption mechanism applicable for the subordinated debentures, in the finalised prospectus.
c) The interest rates offered for the proposed instrument should be in line with market interest rates and not have a negative impact on the net interest margin of the Bank.

Further, the Bank has obtained the shareholder approval by way of a special resolution on 14th November 2025 for the issuance of any ordinary voting shares which may be created by the occurrence of a 'Trigger Event'. Further as per the Rule 2.2.1 (p) of the CSE Listing Rules, the Bank has obtained the shareholder approval by way of a special resolution for the issuance of the BASEL III Compliant High Yield Debentures.

The entire quantum of funds raised from the BASEL III Compliant High Yield Debenture Issue will be included under the Tier 2 capital base of the Bank upon the allotment of the BASEL III Compliant High Yield Debentures.

b. To facilitate future expansion of business activities of the Bank

Funds generated through the BASEL III Compliant High Yield Debenture Issue/s will also be used to facilitate future business opportunities available for the Bank. Accordingly, the Bank will use these funds to match medium/long term lending of the Bank and to minimize the interest rate risk and manage the gap exposures of the Bank's assets and liabilities.

Any lending to/with related parties will be carried out in compliance with all applicable statutes, direction and regulations. The Bank, as at the date of this Prospectus has not recognized related parties for the lending of the proceeds of the Issue. As such, the Bank will disburse the proceeds of the Issue/s in the ordinary course of business. However, in the event, funds are lent to related parties in future, such lending will be done in accordance with Section 9 of the CSE Listing Rules and Section 47 of the Banking Act.

The Bank recorded a monthly average gross loan disbursement of approximately Sri Lankan Rupees Seven Billion (c. LKR 7 Bn) (excluding overdrafts, trade finance, staff, and revolving loans) during the nine months ended 30th September 2025 reaching a gross loans value of approximately Sri Lankan Rupees One Hundred and Fifteen Billion (c. LKR 115 Bn) as of 30th September 2025. For the nine months ended 30th September 2025, the Bank recorded a growth of 29.92% in the above mentioned gross loan position from the gross loan position of approximately Rupees Eighty Eight Billion (c. LKR 88 Bn) as of the close of financial year on 31st December 2024. With the normalisation of economic activities in the country, the Bank is experiencing a growth in its loan book.

Furthermore, during the financial year ended 31st December 2024, the Bank recorded an increase in the loan book of approximately Sri Lankan Rupees Nineteen Billion (c. LKR 19 Bn) from approximately Sri Lankan Rupees Sixty Nine Billion (c. LKR 69 Bn) at the end 2023, which was a 27.65% increase. With the recovery of economic

activities and largely reduced interest rates resulting from the easing monetary policy stance of the CBSL, it is the understanding of the Bank that the entire quantum of funds will be utilized within a period of twenty four (24) months from the Date of Allotment of the BASEL III Compliant High Yield Debentures.

This BASEL III Compliant High Yield Debenture Issue/s does not amount to a major transaction of the Bank as defined by Section 185 of the Companies Act No. 07 of 2007 (as amended), based on the asset value of the Bank as at 31st December 2024.

Specific risks relating to objectives of the BASEL III Compliant High Yield Debenture Issue

The risk of undersubscription of the BASEL III Compliant High Yield Debenture Issue will be greatly mitigated through appointing experienced a Placement Agent to the Issue, pre-marketing, and building a pipeline of potential Qualified Investors.

Dependence of proceeds of the Issue to achieve the objectives is marginal, as the Bank in the ordinary course of business has access to multiple sources of funds such as different types of deposits and borrowings.

No further shareholder approval will need to be sought in the event the BASEL III Compliant High Yield Debenture Issue is not fully subscribed.

It is expected that the BASEL III Compliant High Yield Debenture proceeds will be fully allocated within a period of 24 months from the Date of Allotment. In the event where the funds are not utilized immediately upon receipt of funds, the Bank intends to invest these funds in government securities at the prevailing rates at the time of investment.

There is no specific risk factor that may lead to non-achievement of expansion targets pertaining to the Bank's loans and advances portfolio within the specified timeline via the proceeds of the Issue up to a maximum of LKR 3 Bn.

The utilization of the proceeds of the BASEL III Compliant High Yield Debenture Issue will be disclosed in the Annual Report and the Interim Financial Statements of the Bank in the following format from the Issue Opening Date and until the objectives of the BASEL III Compliant High Yield Debenture Issue are achieved.

However, in the highly unlikely event of the Bank failing to lend these funds, for the aforementioned objective within the aforementioned time-frame, due to any unforeseen reason, these funds would continue to remain invested in government securities at the prevailing rates at the time of investments, until an alternative objective is pursued. The Bank undertakes that in such an unlikely scenario, it will make the necessary market announcements and disclosures (as applicable), as per the relevant CSE Listing Rules.

High Yield BASEL III Compliant Debenture Issue proceeds utilization as at (dd-mm-yyyy)

Objective Number	Objective as per Prospectus	Amount allocated as per Prospectus (LKR)	Proposed Date of allocation as per Prospectus	Amount allocated from proceeds (LKR) (A)	% of Total Proceeds	Amount utilized (LKR) (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg: whether lent to related parties, etc.)
1	To improve the Capital Adequacy Ratio	Initial issue of LKR 2.0 Bn and a maximum issue of LKR 3.0 Bn	Upon the allotment of the BASEL III Compliant High Yield Debentures to include the amount raised via the BASEL III Compliant High Yield Debentures under Tier 2 capital base	To be disclosed in the Annual Report and the Interim Financial Statements				
2	To facilitate future expansion of business activities of the Bank		Over a period of 24 months from the Date of Allotment					

In the event the funds raised through the BASEL III Compliant High Yield Debenture Issue are fully utilized by the Bank in terms of the objectives disclosed in the Prospectus between two financial periods, the Bank is to disclose such fact in the immediate succeeding Annual Report or the Interim Financial Statement, whichever is published first as per the above template.

The Bank will make immediate disclosures in the instances which are specified under item 38 of Appendix 8A of Section 8 of the CSE listing Rules. The Bank will comply with the requirements stipulated under continuous listing rules of the CSE specifically applicable to BASEL III Compliant High Yield Debentures.

5.4 PAYMENT OF INTEREST

The BASEL III Compliant High Yield Debentures will carry rates of interest as described below, payable on the respective Interest Payment Dates:

Type of Interest	Tenure	Interest Rate (per annum)	Annual Effective Rate (AER)	Interest Payment frequency
Fixed Rate	5 years	13.00%	13.00%	Annually
Fixed Rate	5 years	12.50%	12.89%	Semi-Annually
Floating Rate	5 years	182 T-Bill + 400bps	-	Semi-Annually

The interest rate has been determined giving consideration to the Union Bank of Colombo PLC's rating as Issuer, the instrument rating, market conditions and features of the instrument, including the "Non-Viability convertible feature", whereby the BASEL III Compliant High Yield Debentures are converted into ordinary voting shares in the event of a occurrence of a Trigger Event

In relation to Type A, Interest on the BASEL III Compliant High Yield Debentures accruing on a daily basis will be paid annually as applicable from the Date of Allotment until the Date of Redemption (interest period is inclusive of the Date of Allotment and exclusive of the Date of Redemption) on the outstanding Principal Sum. In relation to Type B & Type C Debentures, Interest on the Debentures accruing on a daily basis will be paid semi-annually as applicable from the Date of Allotment until the Date of Redemption on the outstanding Principal Sum.

The interest due on the BASEL III Compliant High Yield Debentures for a particular Interest Period will be calculated based on the actual number of days (Irrespective of holidays) in such Interest Period (actual/actual) and will be paid not later than three [03] Working Days from each Interest Payment Date. In the event of there being any delay in any such payment or pursuant to an Event of Default as set out in Clause 10.5 of the Trust Deed the rate on interest shall be increased by a further Three per centum (3.00%). Kindly note that there will be no additional payment in the event of their being a delay in interest payment or pursuant to an Event of Default, other than the additional interest paid to BASEL III Compliant High Yield Debenture Holders in accordance with the increase in the rate of interest as set out in Clause 10.5 of the Trust Deed.

In order to accommodate the debenture interest cycles in the CDS System of the CSE, the payment of interest on a particular Interest Payment Date will include BASEL III Compliant High Yield Debenture Holders holding BASEL III Compliant High Yield Debentures in the CDS as of the Entitlement Date.

Furthermore, in order to make interest payments on time, the Bank will reserve the cash flow requirement for the interest payments five (05) working days prior to the due date and expects to transfer them to the bank account of the Trustee one (01) working day prior to the due date.

In the event there is a default in the payment of any interest due on the whole or any part of the BASEL III Compliant High Yield Debenture on the Interest Payment Date or in the payment of principal sum due on the BASEL III Compliant High Yield Debentures on the Date of Redemption due to a default by the Bank, the Bank shall pay the Rate of Interest on the BASEL III Compliant High Yield Debentures plus One per centum (1.00%) [Rate] from the Date of Redemption or the Date of Interest Payment as the case may be. (As per Clause 10.5 of the Trust Deed)

Upon the occurrence of the "Trigger Event", the Bank shall be required and entitled to issue and within twenty (20) days to allot shares of the Bank ranking equal and *pari passu* with the existing ordinary voting shares, to the BASEL III Compliant High Yield Debenture Holders up to the outstanding balance of such BASEL III Compliant High Yield Debentures including the total Par Value of the BASEL III Compliant High Yield Debentures and unpaid and accrued debenture interest (if any). As such upon issuance of ordinary voting shares as above, no interest will be accrued on BASEL III Compliant High Yield Debentures thereafter, **as the BASEL III Compliant High Yield Debentures will cease to exist.**

5.5 APPLICATION OF TAX ON INTEREST PAYMENTS

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

5.6 REDEMPTION OF BASEL III COMPLIANT HIGH YIELD DEBENTURES AND CONSEQUENCE OF A TRIGGER EVENT

Redemption of BASEL III Compliant High Yield Debentures

Redemption of the BASEL III Compliant High Yield Debentures will take place on Five (5) years from the Date of Allotment in accordance with the provisions of the Trust Deed. The Principal Sum and unpaid and accrued interest (if any) payable on the Redemption of BASEL III Compliant High Yield Debentures will be paid not later than three (03) Working Days from the Date of Redemption.

If the Date of Redemption falls on a day which is not a Market Day, then the Date of Redemption shall be the immediately succeeding Market Day and interest shall be paid for each calendar day up to the date immediately preceding such Market Day. For the avoidance of any doubt it is agreed that interest shall be paid for the intervening days which are not Market Days .

These BASEL III Compliant High Yield Debentures shall not be redeemed by the Bank prior to maturity for any reason whatsoever except

i. due to the occurrence of an Event of Default contemplated in Clause 10.1 of the Trust Deed, or
ii. with the prior written approval from the CBSL and the approval of the BASEL III Compliant High Yield Debenture holders representing three fourth (3/4th) in nominal value of the BASEL III Compliant High Yield Debentures outstanding when the principal sum is repaid before maturity.

The BASEL III Compliant High Yield Debenture Holder shall not have any right or option to call for Redemption of the BASEL III Compliant High Yield Debentures before the Date of Redemption. However, if a Trigger Event occurs prior to maturity or at the point of maturity, the BASEL III Compliant High Yield Debenture will get converted to ordinary voting shares ranking *pari passu* with the existing ordinary voting shares of the Bank.

Trigger Event

A "Trigger Event" is determined by and at the sole discretion of the Governing 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 Governing 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 Governing Board".

Conversion Price

Outstanding balance of the BASEL III Compliant High Yield Debentures including the total Par Value of the BASEL III Compliant High Yield Debentures and accrued unpaid debenture interest (if any), will be converted at an issue price

of such ordinary voting shares which will be based on the simple average of the daily Volume Weighted Average Price (VWAP) of an ordinary voting share as published by the Colombo Stock Exchange during the three (03) months period, immediately preceding the date of the Trigger Event.

Averaging out of the VWAP over a period of Three (03) months preceding the Trigger Event as opposed to a shorter window closer to the Trigger Event, is aimed at smoothing out price effects.

If the prevailing three (03) month Volume Weighted Average Share Price (VWAP) at the time of the Trigger Event is low, it would result in a comparatively higher number of ordinary voting shares being issued to the BASEL III Compliant High Yield Debenture Holders. Alternately, where a higher three (03) month VWAP prevails at the time of the Trigger Event it would result in a comparatively lower number of ordinary voting shares being issued to BASEL III Compliant High Yield Debenture Holders.

Issuance of ordinary voting shares upon occurrence of a Trigger Event

Based on above conversion mechanism the outstanding balance of the BASEL III Compliant High Yield Debentures will get converted to ordinary voting shares. In the event of any BASEL III Compliant High Yield 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.

Applicable timelines

Upon the occurrence of the Trigger Event as determined by the Governing Board of the Central Bank of Sri Lanka, the Bank shall be required and entitled to issue and within twenty (20) days to allot ordinary voting shares of the Bank ranking equal and *pari passu* with the existing ordinary voting shares to the BASEL III Compliant High Yield Debenture Holders as of the Trigger Date, up to the outstanding balance of such BASEL III Compliant High Yield Debentures including the total Par Value of the BASEL III Compliant High Yield Debentures and unpaid and accrued debenture interest (if any) at an issue price for such ordinary voting shares which will be based on the Conversion Price.

The CDS upload pertaining to ordinary voting shares will be completed within ten (10) Market Days from the Date of Allotment of such shares. In the event of any BASEL III Compliant High Yield 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.

Market Announcements

The Bank on receipt of a Trigger Event notification from the Central Bank of Sri Lanka will immediately make a market announcement of the same and further announce the "Conversion Price" and "dates" (i.e. Trigger Event date, Date of Allotment and CDS upload date) pertaining to such conversion of BASEL III Compliant High Yield Debentures to ordinary voting shares.

Compliance with applicable laws and regulations

Issue of any new ordinary voting shares due to occurrence of a Trigger Event, would be carried out in compliance with the applicable laws and regulations of Sri Lanka, including any regulations applicable on 'material interest that a shareholder may hold' in terms of the Banking Act No 30 of 1988 (as amended).

Non-Occurrence of a Trigger Event

The proposed BASEL III Compliant High Yield Debentures will be redeemed after 5 years from the Date of Allotment of such BASEL III Compliant High Yield Debentures and the Principal Sum and unpaid and accrued interest (if any)

payable on the Redemption of BASEL III Compliant High Yield Debentures will be paid not later than three (03) Working days from the Date of Redemption, unless otherwise a Trigger Event' occurs as detailed above.

5.7 PAYMENT METHOD

Payment of principal and interest will be made after deducting taxes at source, (if applicable) in Sri Lanka Rupees to the registered BASEL III Compliant High Yield Debenture Holders only as of the Entitlement Date. In the case of joint BASEL III Compliant High Yield Debenture Holders, the payment of Principal Sum and interest will be made to the one whose name stands first in the register of BASEL III Compliant High Yield Debenture Holders on the date of payment.

In the event accurate bank account details are provided to the CDS by the BASEL III Compliant High Yield Debenture Holders, the payment of Principal Sum and interest shall be made to BASEL III Compliant High Yield Debenture Holders through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as RTGS (arranged only at the expense of the investor) or SLIPS. RTGS transfers however shall be accommodated only for amounts over and above the maximum value of Rupees Five Million (LKR 5,000,000/-) that can be accommodated via SLIPS transfers.

If the BASEL III Compliant High Yield Debenture Holder has not provided to the CDS accurate and correct details of his/her/its/their bank account for the payment of Principal Sum and interest, such payment to the BASEL III Compliant High Yield Debenture Holder will be posted to the address registered with the CDS through registered post to the BASEL III Compliant High Yield Debenture Holder, by crossed cheques marked "Account Payee Only". Interest payable will be made only by cheques within three (03) Working Days from the end of each period.

It is the responsibility of the Non-Resident and Foreign Investors to ensure that their IIA through which they invest for BASEL III Compliant High Yield Debentures is recorded correctly against the records in CDS to dispatch their BASEL III Compliant High Yield Debenture interest payments.

5.8 TRUSTEE TO THE ISSUE

Bank has entered into an agreement with National Development Bank PLC who will act as Trustee to the Issue. BASEL III Compliant High Yield Debenture Holders in their Application Forms for subscription will be required to authorize the Trustee, to act as the agent in entering into such deeds, writings and instruments with the Bank and to act as the Agent and Trustee for the BASEL III Compliant High Yield Debenture Holders.

The rights and obligations of the Trustee are set out in the Trust Deed and the BASEL III Compliant High Yield Debentures will be subject to the terms and conditions incorporated in the said Trust Deed.

The fee payable to the Trustee will be Sri Lanka Rupees Thirty thousand (LKR 30,000/-) per month excluding government taxes and levies. Trustee/its directors have no conflict of interest with the Bank.

In the event the Trustee subscribes to the BASEL III Compliant High Yield Debenture Issue, the Bank will make an immediate announcement to the market giving out information on the number of BASEL III Compliant High Yield Debentures acquired by the Trustee.

5.9 RATING OF THE BASEL III COMPLIANT HIGH YIELD DEBENTURE

Fitch Ratings Lanka Limited has assigned a credit rating of BB (lka) to the BASEL III Compliant High Yield Debentures.

BB (lka) ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair

this capacity. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.

Source: https://www.fitchratings.com/products/rating-definitions#about-rating-definitions

The Bank will undertake to keep the Trustee and the CSE informed and take steps to make an immediate market announcement on any change to the credit rating of the BASEL III Compliant High Yield Debentures.

You may access the guidelines from Fitch Ratings regarding the Global Bank Rating Criteria (which includes the rating methodology applicable to this particular instrument under the approach set out for going-concern instruments via the link given below;

https://www.fitchratings.com/research/banks/bank-rating-criteria-15-03-2024

The Bank's entity rating as issued by Fitch Ratings Lanka Limited is BBB-(lka) Outlook as per the rating action commentary dated 8th September 2025.

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

5.10 RIGHTS AND OBLIGATIONS OF THE BASEL III COMPLIANT HIGH YIELD DEBENTURE HOLDERS

a) BASEL III Compliant High Yield Debenture Holders are entitled to the following rights.

- Receive the interest on the Interest Payment Dates at the interest rate set out in Section 5.4 of this Prospectus and the Principal Sum on the Date of Redemption as set out in Section 5.6 of this Prospectus.
- Call and attend meetings of BASEL III Compliant High Yield Debenture Holders as set out in the Trust Deed.
- Receive a copy of the Annual Report within five (05) months from the financial year end at the same time and in the same manner as an ordinary voting shareholder would receive the same.
- The other rights of the holders of these BASEL III Compliant High Yield Debentures as set out in the Trust Deed.
- In the event of the Bank winding up, the claims of the BASEL III Compliant High Yield Debenture Holders will rank after all claims of the secured and unsecured creditors of the Bank and the preferential claims under any Statutes governing the Bank, but shall rank pari passu to the claims of subordinated claims of the Bank and shall rank in priority to and over the claims of the ordinary and preference shareholder/s of the Bank, unless there has been an issuance of ordinary voting shares to the BASEL III Compliant High Yield Debenture Holders upon the occurrence of a Trigger Event in which case a BASEL III Compliant High Yield Debenture Holder would cease to be a BASEL III Compliant High Yield Debenture Holder and would become a shareholder of the Bank to the extent of such issuance and will rank equal and pari passu with existing Ordinary Shareholders.

b) BASEL III Compliant High Yield Debenture Holders do not have the following rights

- Attend and vote at meetings of holders of shares and other debentures.
- Share the profits of the Bank.
- Participate in any surplus in the event of liquidation.
- Calling for Redemption before maturity, subject to the provisions stated in the Trust Deed as detailed in Section 4.4.
- Convert the BASEL III Compliant High Yield Debentures into ordinary shares at their option.

However, in the event the BASEL III Compliant High Yield Debenture Holders become shareholders of the Bank, due to the occurrence of Trigger Event as described in Section 5.6 above there would be an entitlement to exercise such rights as are exercisable by the shareholders of the Bank.

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

5.11 BENEFITS OF INVESTING IN BASEL III COMPLIANT HIGH YIELD DEBENTURES OFFERED BY THE BANK

a) Provides an opportunity to diversify the investment portfolio of the Qualified Investor.
b) Provides the Qualified Investor with a regular cash inflow of interest payments.
c) Provides the Qualified Investor with an opportunity to invest in BASEL III Compliant High Yield Debentures issued by a Bank in Sri Lanka.
d) Being listed on the CSE, the BASEL III Compliant High Yield Debentures will have a secondary market subject to secondary market trading of these BASEL III Compliant High Yield Debentures being limited to 'Qualified Investors' as defined in the Prospectus, thus providing the Qualified Investor with an opportunity to exit at the market price prevailing at the time of divestiture subject to market conditions.
e) The BASEL III Compliant High Yield Debentures may be used as collateral to obtain credit facilities from banks and financial institutions with the exception of the issuing Bank.

5.12 RISKS INVOLVED IN INVESTING IN THE BASEL III COMPLIANT HIGH YIELD DEBENTURES

Subscribers to the BASEL III Compliant High Yield Debentures could be exposed to the following risks.

(a) Interest Rate Risk

BASEL III Compliant High Yield Debentures, despite having higher coupons remain sensitive to interest rate changes. Provided all other factors are equal, the market price of the BASEL III Compliant High Yield 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 BASEL III Compliant High Yield Debentures resulting from a rise in interest rates.

(b) Reinvestment Risk

Interest on the BASEL III Compliant High Yield Debentures are payable 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 BASEL III Compliant High Yield Debenture Holders by reinvesting such interest received being higher or lower than the return offered by the BASEL III Compliant High Yield Debentures is known as reinvestment risk.

(c) Duration Risk

Duration is a measure of the price sensitivity of fixed income investments to a change in interest rates based on the time to maturity of principal and coupon payments. The higher the duration, the greater the price volatility or duration risk, while a lower duration carries a lower risk.

(d) Subordinated Risk

The BASEL III Compliant High Yield 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 secured and other unsecured 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 BASEL III Compliant High Yield Debentures will not be settled and, as a result, the holders will lose the entire amount of their investment in BASEL III Compliant High Yield Debentures. The BASEL III Compliant High Yield 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 BASEL III Compliant High Yield Debenture shall be deemed paid in full by the issuance of ordinary voting shares upon a Non-Viability Conversion, and each holder will be effectively further Subordinated due to the change in their status following such a conversion from being the holder of a debt instrument ranking ahead of holders of ordinary voting shares to being the holder of ordinary voting shares. As a result, upon Non-Viability Conversion, the holders could lose all or part of their investment in the BASEL III Compliant High Yield Debentures irrespective of whether the Bank has sufficient assets available to settle what would have been the claims of the holders of the BASEL III Compliant High Yield Debentures or other securities subordinated to the same extent as the BASEL III Compliant High Yield Debentures, in proceedings relating to an insolvency or winding-up.

(e) Credit Risk

High yield debentures involve a higher risk of default compared to investment-grade securities. They are generally issued by companies with weaker credit profiles, higher debt levels, or less stable cash flows. During economic downturns, default rates on these BASEL III Compliant High Yield Debentures can increase significantly, which may lead to losses for investors. Fitch Ratings Lanka Limited has assigned a Long-term Rating of BB (lka) to these BASEL III Compliant High Yield Debentures and will be periodically reviewing the same.

(f) Liquidity Risk

High yield debentures generally trade with lower liquidity than investment-grade debentures, often showing wider bid-ask spreads and lighter trading volumes. In times of market stress, liquidity can decline quickly, making it harder to sell debentures without accepting lower prices. This risk is greater for large positions or during periods of broad market disruption. Furthermore, it should be noted that the secondary debt market is not as developed as the secondary equity market in Sri Lanka.

(g) Investor Restriction Risk

High yield debentures are rated below investment grade, which limits the number of investors who are permitted to purchase them. As a result, the investor base is more concentrated, and secondary market trading can be less liquid. This reduced liquidity may make it more difficult for investors to sell their debentures when they wish to do so.

(h) Operational Risk

The Bank operates in the Banking sector, with a primary focus on Corporate, SME and Retail banking. Given the sector in which it operates, it faces a variety of operational risks arising from macroeconomic changes, interest rate volatility, exchange rate fluctuations and liquidity constraints which both directly and indirectly impacts its operations and the financial capacity of its clientele. These risks can significantly affect the loan repayment performance, increasing the risk of non-performing loans of the Bank. Furthermore, the Bank faces additional operational risks stemming from increased competition within the banking sector and the trend of digitization of financial services. The Bank has continually adopted proactive practices and processes to mitigate risk and manage operational risks effectively.

ADDITIONAL RISKS ARISING FROM THE BASEL III COMPLIANT HIGH YIELD DEBENTURES BEING A BASEL III NON VIABLITY CONVERSION INSTRUMENT

Risks arising from Non-Viability Conversion features

(i) Conversion Risk

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

Potential investors in BASEL III Compliant High Yield Debentures should understand that, if a Trigger Event occurs and BASEL III Compliant High Yield Debentures are converted into ordinary voting shares, investors are obliged to accept the ordinary voting shares even if they do not at the time consider such ordinary voting shares to be an appropriate investment for them and despite any change in the financial position of the Bank since the Issue of the BASEL III Compliant High Yield Debentures or any disruption to the market for those ordinary voting shares or to capital markets generally.

(ii) The number and value of ordinary voting shares to be received on a Non - Viability Conversion may be worth significantly less than the Par Value of the BASEL III Compliant High Yield Debentures and can be variable.

Upon the occurrence of Non-Viability Conversion even though ordinary voting shares of equivalent value would be initially issued at the VWAP, yet there is no certainty of the value of such ordinary voting shares to be received by the holders of the BASEL III Compliant High Yield Debentures being maintained at such levels and the value of such ordinary voting shares could eventually be significantly less than the Par Value of the BASEL III Compliant High Yield Debentures.

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

(iii) The BASEL III Compliant High Yield Debentures are loss-absorption instruments that involve risk and may not be a suitable investment for all investors

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

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

(iv) Uncertainty regarding the Trigger Event

Due to the inherent uncertainty regarding the determination of when a Trigger Event may occur, it will be difficult to predict when, if at all, the BASEL III Compliant High Yield Debentures will be converted into ordinary voting shares. In addition, investors in the BASEL III Compliant High Yield Debentures are likely not to receive any advance notice of the occurrence of a Non-Viability Trigger Event. As a result of its uncertainty, trading behavior in respect of the BASEL III Compliant High Yield Debentures is not necessarily expected to follow trading behavior associated with other types of convertible and exchangeable securities. Any indication, whether real or perceived, that the Bank is trending towards a Trigger Event can be expected to have an adverse effect on the market price of the BASEL III Compliant High Yield Debentures and the ordinary voting shares, whether or not such Trigger Event actually occurs. Therefore, in such circumstances, investors may not be able to sell their BASEL III Compliant High Yield Debentures easily or at prices that will provide them with a yield comparable to other types of subordinated debentures, including the Bank's other subordinated debt securities. In addition, a Non-Viability Conversion could drive down the price of ordinary voting shares subsequent to the conversion itself arising from the additional shares in issue of the Bank.

(v) Following a Non-Viability Conversion, the Qualified Investor will no longer have rights as a creditor and will only have rights as a holder of ordinary voting shares

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

Given the nature of the Non-Viability Trigger Event a Holder of BASEL III Compliant High Yield Debentures will become a holder of ordinary voting shares at a time when the Bank's financial condition has deteriorated. If the Bank were to become insolvent or wound-up after the occurrence of a Non-Viability Trigger Event, as holders of ordinary voting shares investors may receive substantially less than they might have received had the BASEL III Compliant High Yield Debentures not been converted in to ordinary voting shares.

(vi) An investor's remedies for the Bank's breach of its obligations under the BASEL III Compliant High Yield Debentures are limited

Absent an Event of Default (which shall occur if the Bank becomes insolvent or bankrupt, the Bank goes into liquidation either voluntarily or under an order of a court of competent jurisdiction, or the Bank otherwise acknowledges its insolvency), the Trustees and holders of BASEL III Compliant High Yield Debentures shall not be entitled to declare the principal amount of the BASEL III Compliant High Yield Debentures due and payable under any circumstance. As a result, the Qualified Investor will have no right of acceleration in the event of a non-payment of interest or a failure or breach in the performance of any other covenant of the Bank, although legal action could be brought to enforce any covenant given by the Bank.

(i) Acknowledgement of the CBSL Resolution Powers

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

The Governing Board determines the Trigger Event and effects a conversion after considering the other bail-in alternatives available to the Bank. Further, Banking (Special Provisions) Act No.17 of 2023, Section 108 and 108(11) of the Central Bank of Sri Lanka Act, No. 16 of 2023 and Part VII (A) and Part VIII of the Banking Act No.30 of 1988 (as amended) specify certain events upon which Governing Board can exercise its resolution mechanism.

In view of the above, based on the statutory authority of the Governing Board, CBSL retains full discretion to choose or not to choose to trigger for Non-Viability as has been provided for in the Banking Act Direction No. 1 of 2016 on Capital Requirements under BASEL III for Licensed Commercial Banks and Licensed Specialized Banks.

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

(j) Generic Risks

(i) The ability to transfer the BASEL III Compliant High Yield Debentures may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the BASEL III Compliant High Yield Debenture

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

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

(ii) Credit ratings may not reflect all risks associated with an investment in the BASEL III Compliant High Yield Debentures

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

(iii) A Downgrade, suspension or withdrawal of the rating assigned by any rating agency to the BASEL III Compliant High Yield Debentures could cause the liquidity or market value of the BASEL III Compliant High Yield Debentures to decline

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

(iv) Changes in law, or changes in regulatory classification may affect the rights of holders as well as the market value of the BASEL III Compliant High Yield Debentures

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

5.13 ENFORCEMENT ACTION

As per CSE Listing Rule 7.12.4.E.a. shall not be applicable to this BASEL III Compliant High Yield Debenture Issue, as it is in relation to a High Yield Corporate Debt Security which amounts to a Basel III Compliant Debt Security.

5.14 TRANSFER OF BASEL III COMPLIANT HIGH YIELD DEBENTURES

The BASEL III Compliant High Yield Debentures will be transferable and transmittable in the manner set out in the Trust Deed, which is reproduced below;

(a) These BASEL III Compliant High Yield Debentures shall be freely transferable amongst Qualified Investors and the registration of such transfer shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements. Provided however, that the BASEL III Compliant High Yield Debentures are transferable only amongst Qualified Investors. Furthermore, High Yield Debentures are fully paid and issued only for cash.

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

(c) In the case of death of a BASEL III Compliant High Yield Debenture Holder;

(i) The survivor where the deceased was a joint holder; and

(ii) The executors or administrators of the deceased or where the administration of the estate of the deceased is in law not compulsory the heirs of the deceased where such BASEL III Compliant High Yield Debenture Holder was the sole or only surviving holder;

shall be the only persons recognized by the Bank as having any title to his/her BASEL III Compliant High Yield Debentures.

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

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

5.15 LISTING

An Application has been made to the CSE for permission to obtain a listing for the BASEL III Compliant High Yield Debentures and any shares which may be issued upon the occurrence of a Trigger Event and the CSE has granted its approval in-principle for the same. However, the CSE reserves the right to withdraw such approval, in the circumstances set out in Rule 2.3 of the CSE Listing Rules. It is the intention of the Bank to list the BASEL III Compliant High Yield Debentures in the Colombo Stock Exchange upon the allotment thereof. However, the BASEL III Compliant High Yield Debentures will be listed, only if compliant with the CSE Listing Rules, at the time of listing.

The CSE however, assumes no responsibility for the correctness of the statements made or omitted statements or opinions expressed, or reports included in this Prospectus. If there is any inconsistency between the contents under the Prospectus and the CSE Listing Rules, the CSE Listing Rules will prevail. Admission to the official list is not to be taken as an indication of the merits of the Bank or of its BASEL III Compliant High Yield Debentures.

5.16 COST OF THE ISSUE

The Board of Directors estimates that the total cost of the Issue including fees to professionals, printing, advertising and other costs connected with the Issue will be approximately LKR 9 Mn which would be approximately 0.46% of the amount raised if LKR 2.0 Bn is raised and will be approximately LKR 13 Mn which would be approximately 0.42% of the amount raised if LKR 3.0 Bn is raised. Such costs will be financed by the internally generated funds of the Bank.

5.17 BROKERAGE FEE

Brokerage fee of Fifteen Cents (LKR 0.15) per BASEL III Compliant High Yield Debenture shall be paid in respect of the number of BASEL III Compliant High Yield Debentures allotted on Applications bearing the original seal of any Bank operating in Sri Lanka or a trading participants of the CSE or any other party identified by the Bank and/or Managers and Placement Agent as involved in the Issue.

5.18 UNDERWRITING

This Issue is not underwritten.

The offering is not conditional to any minimum amount to be raised through this Issue. In the event of an under subscription, the Bank is confident that any short fall in the funds required to meet the objectives of the Issue

can be financed through internally generated funds and other credit facilities that could be obtained by the Bank, at its discretion depending on the situation.

5.19 INSPECTION OF DOCUMENTS

Articles of Association, the Trust Deed, Auditors' Report and Audited Financial Statements for the five (05) financial years ended 31st December 2024 (i.e. the five (05) financial years immediately preceding the date of this Prospectus), and all other documents referred to in Rule 3.3.13 (a) of the CSE Listing Rules, including material contracts and management agreements entered or in the case of contracts not reduced into writing, a memorandum giving full particulars thereof by the Bank (if any) would be made available for inspection by the public during normal working hours, seven (07) Market Days prior to the date of opening of the subscription list at the registered office of the Bank at No. 64, Galle Road, Colombo 03, Sri Lanka until the Date of Redemption of the BASEL III Compliant High Yield Debentures.

The Prospectus, Trust Deed and the Articles of Association of the Bank, will be available on the website of CSE, *www.cse.lk* and the website of the Bank, *www.unionb.com* from seven (07) Market Days prior to the date of opening of the subscription list until the date of maturity of the BASEL III Compliant High Yield Debentures as stipulated in Rule 3.3.13 (b) of the CSE Listing Rules.

Audited financial statements of Union Bank of Colombo PLC made up to 31st December 2024, Interim Financials of Union Bank of Colombo PLC made up to 30th September 2025, Accountants Report and the five-year summary of financial statements as at 31st December 2024 will be available on the website of CSE, *www.cse.lk* and the website of the Bank, *www.unionb.com*.

As a part of the Bank's commitment to sustainability, UBC has submitted a formal request to the Colombo Stock Exchange (CSE) seeking a waiver from the requirement to print and distribute physical copies of this Prospectus and application forms in accordance with Section 2.4(f) of the CSE Listing Rules. CSE, upon careful deliberation of the said request made by the Company, has decided to grant a waiver for the Prospectus and application forms to be made available solely in electronic form.

6 PROCEDURE FOR APPLICATION

6.1 ELIGIBLE APPLICANTS

Applications are invited for the subscription of BASEL III Compliant High Yield Debentures from the following categories of Qualified Investors.

(a) A commercial bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No. 30 of 1988 (as amended).
(b) A specialized bank licensed by the Central Bank of Sri Lanka in terms of the Banking Act, No. 30 of 1988 (as amended).
(c) A mutual fund, 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.
(i) An investment trust or investment company.
(j) A Non-Resident institutional investor.
(k) An individual with a minimum initial investment amount of LKR 5,000,000/-.

In view of the above, trading of the BASEL III Compliant High Yield Debentures which shall only be on OTC Platform of the CSE will also be limited to Qualified Investors.

Applications will not be accepted from individuals and Sri Lankans residing outside Sri Lanka who are under the age of 18 years, or in the names of sole proprietorships, partnerships or unincorporated trusts, or bodies of persons. Applications will also not be entertained from any financial institution over which the Bank has control.

"Persons resident outside Sri Lanka" will have the same meaning as in the notice published under the Foreign Exchange Act no. 12 of 2017 in Government Gazette (Extraordinary) No. 2045/56 dated 17th November 2017.

When permitting non-residents to invest in the BASEL III Compliant High Yield Debentures, the Bank will comply with the relevant Foreign Exchange Regulations including, the conditions stipulated in the notice under the Foreign Exchange Act with regard to the Issue and transfer of BASEL III Compliant High Yield Debentures of Companies incorporated in Sri Lanka to persons resident outside Sri Lanka as published in the Government Gazette (Extraordinary) No. 2045/56 dated 17th November 2017.

6.2 HOW TO APPLY

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

(a) Applications should be made on the Application Forms, which accompany and constitute a part of this Prospectus (exact size photocopies / digitally scanned copies of Application Forms will also be accepted). Care must be taken to follow the instructions given herein and in the Application Form. Applicants using photocopies are requested to inspect the Prospectus which is available for inspection at the Registered Office of the Bank and also issued free of charge by the parties listed in Annexure II of this Prospectus.

The Application Form can also be downloaded from the website of CSE, *www.cse.lk*, the website of the Bank, *www.unionb.com* and the web site of the Managers and Placement Agent to the Issue, *www.firstcapital.lk* until the Closure Date.

The Prospectus will be made available and can be downloaded from the website of CSE, *www.cse.lk*, the website of the Bank, *www.unionb.com* until the date of redemption of the BASEL III Compliant High Yield Debentures and the web site of the Managers and Placement Agent to the Issue, *www.firstcapital.lk* until the Closure Date.

Applications which do not strictly conform to instructions and other conditions set out herein or which are incomplete or illegible may be rejected. The Bank reserves the right to ask for additional information to satisfy itself that the Applicant is a Qualified Investor.

(b) More than one Application submitted by an Applicant will not be accepted. If more than one Application Form is submitted from a single Applicant, those would be construed as multiple Applications and the Bank reserves the right to reject such multiple Applications or suspected multiple Applications.

(c) If the ownership of the BASEL III Compliant High Yield Debentures is desired in the name of one Applicant, full details should be given only under the heading SOLE/FIRST APPLICANT in the Application Form. In the case of joint Applicants, the signatures and particulars in respect of all Applicants must be given under the relevant headings in the Application Form.

(d) An Applicant of a joint Application will not be eligible to apply for the BASEL III Compliant High Yield Debentures through a separate Application Form either individually or jointly. Such Applicants are also deemed to have made multiple Applications and will be rejected.

In the case of joint Applications, the refunds (if any), interest payments and the Redemption will be remitted in favour of the first Applicant as identified in the Application Form.

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

Joint Applicants should note that all parties should either be residents of Sri Lanka or Non-Residents.

(e) Applications by companies, corporate bodies, incorporated societies, approved provident funds, trust funds and approved contributory pension schemes registered/incorporated/established in Sri Lanka should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the BASEL III Compliant High Yield Debentures and should be made under their common seal or in any other manner as provided by their Articles of Association or such other constitutional documents of such Applicant or as per the statutes governing them. In the case of approved provident funds, trust funds and approved contributory pension schemes, the Applications should be in the name of the Trustee/board of management.

(f) All Qualified Investors should indicate in the Application for BASEL III Compliant High Yield Debentures, their CDS account number.

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

number/passport number/company number mentioned in the Application Form tally with the name, address or NIC number/passport number/ company number given in the CDS account as mentioned in the Application Form.

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

Application Forms stating third party CDS accounts, instead of Applicants' own CDS account numbers, except in the case of margin trading, will be rejected.

(g) Applicants who wish to apply through their margin trading accounts should submit the Application Forms in the name of the "Margin Provider / Applicant's name" signed by the margin provider, requesting a direct deposit of the BASEL III Compliant High Yield Debentures to the Applicant's margin trading account in the CDS. The margin provider should indicate the relevant CDS account number relating to the margin trading account in the Application Form. A photocopy of the margin trading agreement must be submitted along with the Application.

Margin providers can, apply under their own name and such Applications will not be construed as multiple Applications.

(h) Application Forms may be signed by a third party on behalf of the Applicant(s) provided that such person holds the Power of Attorney (POA) of the Applicant(s). A copy of such POA certified by a Notary Public as "True Copy" should be attached with the Application Form. **Original of the POA should not be attached**.

(i) As per the Foreign Account Tax Compliance Act (FATCA) "US Persons" must provide the duly completed declaration as per the specimen given in Annexure IV together with the Application Form. Under the provisions of FATCA, "US Persons" include;

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

(j) Funds for the investments in BASEL III Compliant High Yield Debentures and the payment for BASEL III Compliant High Yield Debentures by Non-Residents should be made only out of funds received as inward remittances or available to the credit of "Inward Investment Account" (IIA) (formerly known as Securities Investment Accounts) of the Non-Residents opened and maintained in a licensed commercial bank in Sri Lanka in accordance with directions given by the Director of the Department of Foreign Exchange in that regard to licensed commercial banks.

An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the Applicant maintains the IIA, should be attached to the Application Form to the effect that such payment through bank draft/bank guarantee/RTGS has been made out of the funds available in the IIA.
Applications not made in line with the instructions will be rejected.

(k) Non-Residents should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the BASEL III Compliant High Yield Debentures and may be affected by the laws of the jurisdiction of their residence. If the Non-Resident Applicants wish to apply for the BASEL III

Compliant High Yield Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

Application Forms properly filled in accordance with the instructions thereof together with the remittance for the full amount payable on Application should be enclosed in an envelope Marked **"UNION BANK OF COLOMBO PLC – BASEL III COMPLIANT HIGH YIELD DEBENTURE ISSUE 2025"** on the top left hand corner in capital letters and dispatched by post or courier or delivered by hand to Registrars to the Issue or collection points mentioned in Annexure II of this Prospectus.

Applications sent by post or courier or delivered to any collection point set out in Annexure II of this Prospectus or Registrars to the Issue should reach the office of the Registrar to the Issue, S S P Corporate Services (Private) Limited, 101, Inner Flower Road, Colombo 03, at least by 4.30 p.m. on the following Market Day immediately upon the Closure Date. Applications received after the said period will be rejected even though they have been delivered to any of the said collection points prior to the Closure Date or carry a postmark dated prior to the Closure Date.

Applications delivered by hand to the Registrars should reach the Registrars before 4.30 p.m. of the Closure Date of the Issue and Applications delivered by hand to the Registrars to the Issue after the Closure Date of the Issue will be rejected.

Please note that Applicant information such as full name, address, NIC number/passport number/company number and residency will be downloaded from the database of CDS, based on the CDS account number indicated in the Application Form. Such information will take precedence over information provided in the Application Form.

Care must be taken to follow the instructions on the reverse of the Application Form.

Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

PLEASE NOTE THAT ALLOTMENT OF BASEL III COMPLIANT HIGH YIELD DEBENTURES WILL ONLY BE MADE IF THE APPLICANT HAS A VALID CDS ACCOUNT AT THE TIME OF SUBMISSION OF APPLICATION.

Please note that upon the allotment of BASEL III Compliant High Yield Debentures under this Issue, the allotted BASEL III Compliant High Yield Debentures would be credited to the Applicant's CDS account so indicated.

HENCE, BASEL III COMPLIANT HIGH YIELD DEBENTURE CERTIFICATES SHALL NOT BE ISSUED.

6.3 NUMBER OF BASEL III COMPLIANT HIGH YIELD DEBENTURES TO BE SUBSCRIBED

Applicants may invest in the BASEL III Compliant High Yield Debentures subject to a minimum of One Hundred (100) BASEL III Compliant High Yield Debentures Sri Lanka Rupees Ten Thousand (LKR 10,000/-) and in multiples of One Hundred (100) BASEL III Compliant High Yield Debentures Sri Lanka Rupees Ten Thousand (LKR 10,000/-) thereafter.

Provided however, the minimum subscription requirement applicable for an individual Investor to become a Qualified Investor in order to apply for BASEL III Compliant High Yield Debt Securities as per Rule 2.2.1 (k), Rule 2.2.1 (q) and Rule 2.2.1 (u) ii. and the 'Definitions' section of the CSE Listing Rules shall be Sri Lanka Rupees Five Million (LKR 5,000,000/-).

Any Application in excess of the minimum subscription requirement shall be in multiples of Sri Lanka Rupees Ten Thousand (LKR 10,000/-).

6.4 MODE OF PAYMENT OF THE INVESTMENT BY THE APPLICANTS

(a) Payment in full for the total value of BASEL III Compliant High Yield Debentures applied for should be made separately in respect of each Application either by cheque/s, bank draft/s, bank guarantee drawn upon any licensed commercial bank operating in Sri Lanka or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka or an Internal Direct Transfer, as the case may be, subject to the following:

(b) Payments for Applications for values below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-)

Payment methods that are acceptable;

- Bank guarantee issued by a licensed commercial bank; or
- Bank drafts/cheques drawn upon any licensed commercial bank operating in Sri Lanka only

However, **multiple** bank guarantees or bank drafts/cheques will not be acceptable for Applications for values below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-)

Payment methods that are **not** acceptable:

- RTGS
- Internal Direct Transfers

(c) Payments for Applications for values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-)

Payment methods that are acceptable;

- Bank guarantee issued by a licensed commercial bank; or
- Multiple bank drafts/cheques drawn upon any licensed commercial bank operating in Sri Lanka, each of which should be for a value less than LKR 100,000,000/-; or
- RTGS / Internal Direct transfer with value on the Issue opening date.

In the case of Application values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), multiple bank drafts/cheques drawn upon any licensed commercial bank operating in Sri Lanka each of which should be for a value less than Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) will be accepted.

For all the Applications Cash and SLIPS/CEFTS transfers will **NOT** be accepted as a mode of payment to ensure the accuracy of the application submission process, bank reconciliation process and timely allocation of BASEL III High Yield Debentures within the given timelines.

(d) Cheques or bank drafts should be made payable to **"UNION BANK DEBENTURE ISSUE 2026"** and crossed **"Account Payee Only"** and must be honoured on the first presentation.

(e) In case of bank guarantees, such bank guarantees should be issued by any licensed commercial bank in Sri Lanka in favour of **"UNION BANK DEBENTURE ISSUE 2026"** in a manner acceptable to the Bank and be valid for a minimum of one (01) month from the Issue opening date 10 March 2026.

Applicants are advised to ensure that sufficient funds are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Issue. It is advisable that the Applicants discuss with their respective bankers the matters regarding the issuance of bank guarantees and all charges involved. All expenses regarding such bank guarantees should be borne by the Applicants.

(f) In case of RTGS and Internal Direct Transfers (only for application values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-), the transfers should be made to the credit of the following Bank Account with value on the Issue opening date (i.e. the funds to be made available to the above account on the Issue opening date).

Account Name	UNION BANK DEBENTURE ISSUE 2026
Account Number	001 01 01 000041883
Bank	Union Bank of Colombo PLC
Branch	Head Office

The Applicant should obtain a confirmation from the Applicant's bank to the effect that arrangements have been made to transfer payment in full for the total value of BASEL III Compliant High Yield Debentures applied for to the credit of the above bank account and should be attached with the Application Form.

It is mandatory to provide the CDS Account Number as the transaction reference for RTGS transfers.

For RTGS transfers/ Internal Direct transfers above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), the Applicants are entitled to an interest at the rate of two decimal five zero per centum (2.50%) per annum from the date of such transfers up to the Date of Allotment. However, no interest will be paid if the RTGS transfers/ Internal Direct transfers are not realized before the end of the Closure Date. Furthermore, even if such RTGS transfers/ Internal Direct transfers are effected prior to the Issue opening date, no interest will be paid for the period prior to the Issue opening date.

(g) Payment for the BASEL III Compliant High Yield Debentures by Non-Residents should be made only out of funds received as inward remittances or available to the credit of "Inward Investment Account" (IIA) maintained with any licensed commercial bank in Sri Lanka in accordance with directions given by the Director Department of Foreign Exchange in that regard to licensed commercial banks.

An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the Applicant maintains the IIA, should be attached to the Application Form to the effect that such payment through bank draft/bank guarantee/RTGS has been made out of the funds available in the IIA.

(h) In the event that cheques are not realized within one (01) Market Days of deposit, the monies will be refunded and no allotment of BASEL III Compliant High Yield Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid.

(i) The amount payable should be calculated by multiplying the number of BASEL III Compliant High Yield Debentures applied for by the Par Value Sri Lanka Rupees One Hundred (LKR 100/-). If there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft or bank guarantee or transferred via RTGS/ Internal Direct Transfer, the Application will be rejected.

(j) All cheques/bank drafts received in respect of the Applications for BASEL III Compliant High Yield Debentures will be banked commencing from the Working Day immediately following the Closure Date.

(k) All bank guarantees received in respect of the Applications for BASEL III Compliant High Yield Debentures will be called on the Date of Allotment.

6.5 REJECTION OF APPLICATIONS

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

Applications from individuals and Sri Lankans residing outside Sri Lanka who are under the age of eighteen (18) years or in the names of sole proprietorships, partnerships and unincorporated trusts will also be rejected.

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

More than one Application Form submitted s by an Applicant will not be accepted. If more than one Application Form is submitted by a single Applicant, those would be considered as multiple Applications and the Bank reserves the right to reject such multiple Applications or suspected multiple Applications.

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

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

Applications delivered by hand to the Registrars to the Issue after the 'Closure Date' will be rejected. Applications received at the Registrar's office by post or courier after 4.30 p.m. on the Market Day immediately following the Closure Date, will also be rejected even if they carry a post mark dated prior to the Closure Date.

Applications delivered to any place mentioned in Annexure II should also reach the office of the Registrars to the Issue at least by 4.30 p.m. on the Market Day immediately following the Closure Date. Applications received after the said duration will be rejected even though they have been delivered to any of the said collection points prior to the Closure Date.

In the event that cheques are not realized within one (01) Market Day of deposit and realized after such date, the monies will be refunded and no allotment of BASEL III Compliant High Yield Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid. In the event cheques are dishonoured/returned on first presentation, such Applications will be rejected.

6.6 BANKING OF PAYMENTS

All cheques or bank drafts received in respect of Applications will not be banked until the Working Day immediately after the Closure Date as set out in Section 5.2 of this Prospectus, in terms of the CSE Listing Rules. Furthermore bank guarantees received in respect of Applications will be called on the Date of Allotment.

6.7 BASIS OF ALLOTMENT OF BASEL III COMPLIANT HIGH YIELD DEBENTURES

The BASEL III Compliant High Yield Debentures offered hereunder shall be allotted only to 'Qualified Investors' as defined in the CSE Listing Rules, on a basis to be determined by the Bank.

In the event of an over subscription, the Board of Directors of the Bank has appointed authorised personnel to decide the basis of allotment in a fair and equitable manner as soon as practicable so as to ensure compliance with the CSE Listing Rules.

The authorised personnel appointed by the Board shall reserve the right to allocate up to a maximum of 75% of the number of BASEL III Compliant High Yield Debentures to be allotted under this Issue to institutional and or identified investor/s of strategic importance with whom the Bank might have mutually beneficial relationships in the future.

Number of BASEL III Compliant High Yield Debentures to be allotted to identified institutional investor/s of strategic and operational importance, on a preferential basis or otherwise will not exceed 75% of the total number of BASEL III Compliant High Yield Debentures to be issued under this Prospectus under any circumstances, unless there is an under subscription from the other investors (investors that do not fall under preferential category).

The Bank reserves the right to reject any Application or to accept any Application in part only, without assigning any reason therefor.

A written confirmation informing successful Applicants of the allotment of BASEL III Compliant High Yield Debentures will be dispatched within ten (10) Market Days from the Closure Date as required by the CSE.

6.8 REFUNDS

Monies will be refunded where;

- an Application is rejected for reasons given in Section 6.5 of this Prospectus; or
- the Application is accepted only in part.

The Applicants may indicate the preferred mode of refund payments in the Application Form (i.e. direct transfer via SLIPS/RTGS or cheque).

If the Applicant has provided accurate and complete details of his/her/its bank account in the Application, the Bankers to the Issue will make refund payments up to and inclusive of Rupees Five Million (LKR 5,000,000/-) to the bank account specified by the Applicant, through SLIPS and a payment will be sent through RTGS in the event of refunds over Rupees Five Million (LKR 5,000,000/-).

If the Applicant has not provided accurate and correct details of his/her bank account in the Application Form, the Bank will make such refund payments to the Applicant by way of a cheque and sent by post at the risk of the Applicant.

In the case of joint Application, the cheques will be drawn in favour of the Applicant's name appearing first in the Application Form.

It is the responsibility of Non-Residents/Foreign Investors to ensure that their IIA details are accurately provided on the Application Form to forward the refund to IIA through which the Application was made.

Applicants can obtain details on bank and branch codes required for providing instructions on SLIPS transfers at the following website;

https://www.lankapay.net/downloads/bank-branch-directory/

Refunds on Applications rejected or partly allotted BASEL III Compliant High Yield Debentures would be made within eight (08) Market Days excluding the Closure Date. Applicants would be entitled to receive interest at the rate of the last quoted Average Weighted Prime Lending Rate (AWPLR) published in the immediately preceding week by the Central Bank of Sri Lanka or any other authority (in the event that the Central Bank of Sri Lanka ceases to publish the AWPLR) plus five per centum (5.00%) for the delayed period on any refunds not made within this period.

6.9 CDS ACCOUNTS AND SECONDARY MARKET TRADING

BASEL III Compliant High Yield Debentures allotted will be directly deposited to the respective CDS accounts given in the Application Forms before the expiry of twelve (12) Market Days, from the Closure Date. A written confirmation of the credit will be sent to the Applicants within two (02) Market Days of crediting the CDS account, by ordinary post to the address provided by each Applicant.

The Bank will submit to the CSE a 'Declaration' on direct upload to CDS on the Market Day immediately following the day on which the Applicants' CDS accounts are credited with the BASEL III Compliant High Yield Debentures.

Trading of BASEL III Compliant High Yield Debentures on the secondary market will commence on or before the third (3rd) Market Day from the receipt of the Declaration by the CSE as per the CSE Listing Rules.

Further, as per CSE Listing Rule 3.3.5 (ii) (a) (ii) and 3.3.15 i (i) (e), the secondary market trading of the BASEL III Compliant High Yield Debentures shall be limited to the "Qualified Investors".

7 THE BANK

7.1 OVERVIEW

Union Bank of Colombo PLC was established in 1995 and is a Licensed Private Commercial Bank, and a Public Limited Liability Company under the Companies Act No. 17 of 1982, re-registered under the Companies Act No. 07 of 2007 and listed on the Colombo Stock Exchange. The Bank is regulated under the Banking Act No. 30 of 1988 as amended from time to time.

The Bank continues to combine innovative products, technology advancements and improved service delivery to be at the forefront of its growth efforts. The Bank positions itself as a progressive growth focused institution with offering financial solutions to the Retail, SME and Corporate segments.

Leveraging its network of 60 branches supplemented by 85 ATM's, 34 CRM's, a strong sales force and comprehensive digital banking solutions helps the Bank offer their services to their clients.

As a group, the Bank has a diversified portfolio of offerings, through its subsidiaries which are National Asset Management Limited and UB Finance PLC.

7.2 FINANCIAL YEAR

The financial year of the Bank commences on 01st January and ends on 31st December.

7.3 STATED CAPITAL

The Stated Capital of the Bank represents ordinary shares as given below.

	31st December 2024		30th September 2025*	
	Number of Shares	LKR '000	Number of Shares	LKR '000
Balance as at 01st January	1,083,558,338	16,334,782	1,083,558,338	16,334,782
Shares issued due to scrip dividend	-	-	-	-
Shares issued due to Right Issue and Private Placement	-	-	-	-
Closing Balance	1,083,558,338	16,334,782	1,083,558,338	16,334,782

* Unaudited

7.4 MAJOR SHAREHOLDERS AS AT 30TH SEPTEMBER 2025

Twenty (20) largest shareholders of the Bank as at 30th September 2025 are given below:

No	Name	No. of Shares	%
1	CULTURE FINANCIAL HOLDINGS LTD	767,558,888	70.84%
2	VISTA KNOWLEDGE PTE LTD	64,677,973	5.97%
3	ASSOCIATED ELECTRICAL CORPORATION LTD	28,446,137	2.63%
4	SAMAPATH BANK PLC / YADEN CAPITAL (PVT) LTD	25,881,430	2.39%
5	MR. D.A.J. WARNAKULASURIYA	19,862,730	1.83%
6	MR. C.P.A. WIJEYESEKERA	18,375,314	1.70%
7	MRS. P. D. A. S. BERUWALAGE	9,513,410	0.88%
8	SEYLAN BANK PLC / SARATH KUMARA WIJEKOON	9,270,176	0.86%
9	PEOPLE'S LEASING & FINANCE PLC / L.P. HAPANGAMA	7,793,668	0.72%
10	ASHYAKI HOLDINGS (PVT) LTD	7,792,806	0.72%
11	MR. S. P. KHATTAR	7,323,365	0.68%
12	MR. A. I. T. HETTIARACHCHI	3,848,735	0.36%
13	AJITA DE ZOYSA & COMPANY LIMITED	3,110,183	0.29%
14	SAMPATH BANK PLC / ANDARADENIYA ESTATE (PVT) LTD	3,099,273	0.29%
15	COMMERCIAL AGENCIES (CEYLON) LTD	2,973,748	0.27%
16	MR. P. BRAHMANAGE	2,825,000	0.26%
17	MRS. H. K. R. S. PERERA	2,800,000	0.26%
18	PEOPLES LEASING & FINANCE PLC / L. H. L. M. P. HARADASA	2,376,932	0.22%
19	ASSETLINE FINANCE LTD / S. K. WIJEKOON	2,087,055	0.19%
20	MR. A. M. WEERASINGHE	2,009,220	0.19%
		991,626,043	**91.55%**
	OTHER SHAREHOLDERS	91,932,295	8.45%
	TOTAL	**1,083,558,338**	**100.00%**

The Bank does not have any Preference or Non-Voting Shareholders as at 30th September 2025.

7.5 DETAILS OF OTHER DEBENTURES IN ISSUE

The Bank currently does not have any outstanding debenture issues as of 30th September 2025.

7.6 PARTICULARS OF LONG TERM LOANS AND OTHER BORROWINGS OF THE BANK

As at 31st December 2024 and 30th September 2025 the outstanding balances are given in the table below;

	LKR '000
Balance as at 31st December 2023	28,807,096
New borrowings / (settlements)	(7,613,402)
Balance as at 31st December 2024	**21,193,694**

	LKR '000
Balance as at 31st December 2024	21,193,694
New borrowings / (settlements)	15,916,856
Balance as at 30th September 2025*	**37,110,550**

*Unaudited

Borrowings of the Bank as at 31st December 2023 and 30th September 2025 comprise of the following;

	As at 31st December 2024 LKR '000	As at 30th September 2025 LKR'000*
Due to banks	7,996,693	15,386,919
Repurchased agreements	13,197,001	21,723,631
Total	**21,193,694**	**37,110,550**

*Unaudited

7.7 CONTINGENT LIABILITIES AND LITIGATION AGAINST THE BANK

The details of the contingent liabilities as at 31st December 2024 and 30th September 2025 are given below;

Commitments and Contingencies	As at 31st December 2024 LKR '000	As at 30th September 2025 LKR '000*
Commitments		
Undrawn Loan Commitments	10,202,492	12,007,479
Contingencies		
Guarantees	9,576,379	11,303,227
Documentary Credits	3,638,804	6,369,244
Forward Contracts	10,290,065	12,801,191

Spot Contracts	54,689	215,605
Acceptances	2,107,374	3,024,988
Forward Bonds	216,302	55,230
Other Contingent Items	1,309,051	1,390,598
Total	**37,395,156**	**47,167,563**

*Unaudited

7.8 LITIGATIONS AGAINST THE BANK

In the normal course of business, the Bank is a party to various types of litigation, including litigation with borrowers who are in default in terms of their facility agreements. The Bank has established legal protocol for dealing with such claims. The Bank's legal counsel is of the opinion that litigation which is currently pending will not have a material impact on the reported financial results or the future operations of the Bank. Please refer note 46.3 of the Annual Report 2024 for additional information.

7.9 KEY FINANCIAL RATIOS

Capital Adequacy Ratio (CAR)

	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024	30.09.2025**
Capital adequacy - Tier 1 Capital Ratio % *	16.61	16.66	15.51	17.15	17.23	15.61	12.19
Capital adequacy - Total capital ratio % *	16.75	16.95	16.47	18.26	18.22	16.63	13.23

* Minimum Statutory requirement of Tier 1 Capital Ratio and Total Capital Ratio for the year 2019 was 8.50% and 12.50% respectively.

*For the year 2020 and 2021, the Minimum Statutory requirement of Tier 1 Capital Ratio and Total Capital Ratios were reduced to 8.00% and 12.00% respectively.

*The Minimum Statutory Requirement of Tier 1 Capital Ratio and Total Capital Ratio from the year 2022 onwards was 8.50% and 12.50% respectively.

* The Banking Act Direction No. 04 of 2022, dated 23rd May 2022, allows licensed banks to drawdown on the Capital Conservation Buffer (CCB) up to 2.5% subject to the conditions stipulated in the Banking Act Direction No. 01 of 2016 (as amended) on Capital Requirements under Basel III for licensed commercial banks and licensed specialised banks. If a bank draws down the CCB, a Board approved capital augmentation plan on rebuilding the CCB to 2.5% within 3 years is required to be submitted to the CBSL. The Bank has not drawn down the CCB.

**Unaudited

Interest Cover and Debt to Equity Ratio

	31.12.2022	31.12.2023	31.12.2024	Post BASEL III Compliant High Yield Debenture Issue
Debt / Equity Ratio (%) *	-	-	-	0.15
Interest Cover Ratio (Times) **	-	-	-	5.51
The Debt Service Coverage Ratio (Times) ***	-	-	-	22.20
The Debt to Cash Flow Ratio	-	-	-	(0.34)

As the Bank did not have any long term debts in 2022, 2023 and 2024, no ratios can be provided

** Debt/ Equity Ratio = [Debenture Issue / Shareholder Funds]*

*** Interest Cover Ratio = [Forecasted PBT / Interest Expense]*

**** The Debt Service Coverage Ratio = [Forecasted Net Operating Income / Interest Expense]*

***** Debt to Cash Flow Ratio = [Debenture Issue / Net Cash used in operating activity]*

7.10 DEBENTURE INTEREST PAYMENT DETAILS

The Bank currently does not have any outstanding debenture issues as of 30th September 2025.

7.11 TAXATION

The Bank's operations are subject to the income tax rate of 30%. In addition to this the Bank is subject to Financial Services VAT and VAT on non-financial services at 18%. The Social Security and Contribution Levy (SSCL) is applied at rate of 2.5%, which was effective from the 01st of October 2022.

The Bank is not enjoying any tax exemptions as at the date of the Prospectus.

7.12 FINANCIAL STATEMENTS & FINANCIAL SUMMARY

The following financial information is hosted on the Bank's web site, www.unionb.com and CSE web site www.cse.lk;

- Audited financial statements of Union Bank of Colombo PLC as at 31st December 2024
- Interim financial statements of Union Bank of Colombo PLC as at 30th September 2025
- Summarized financial statement for the five years ended 31st December 2020 to 31st December 2024 preceding the date of the Application stating the accounting policies adopted by the Bank certified by the Auditors and Qualifications carried in any of the Auditors Reports covering the period in question and any material changes in accounting policies during the relevant period.

8 BOARD OF DIRECTORS

8.1 DETAILS OF THE DIRECTORS

The details of the Board of Directors of Union Bank of Colombo PLC as at the date of this Prospectus are given below:

Name of Director	Executive / Non – Executive/ Independent/ Non – Independent*
Mr. Dinesh Weerakkody	Chairman – Non–Executive / Independent
Mr. Nirvana Chaudhary	Deputy Chairman – Non – Executive / Non – Independent
Mr. Dilshan Rodrigo	Chief Executive Officer – Executive
Ms. Dilshani Wijayawardana	Non – Executive / Independent
Mr. Sabry Ibrahim	Non – Executive / Independent
Mr. Sanjay Pohkrel	Non – Executive / Non – Independent
Dr. Dharmasri Kumaratunge	Non – Executive / Independent
Mr. Mahesh Nanayakkara	Non – Executive / Independent
Mr. Gyanendra Dhungana	Non – Executive / Non – Independent

**in terms of the Banking Act Direction No 05 of 2024 Corporate Governance for Licensed Commercial Banks in Sri Lanka*

8.2 BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The primary objective of the Committee is to assess and consider all transactions with related parties of the Bank in line with Section 9 of the CSE Listing Rules.

The Committee shall have authority :-

1. to review, to evaluate and to determine the advisability of any Related Party Transactions except for transactions set out in Rule 9.14.10 of the CSE Listing Rules, that require consideration by the Committee under the Related Party Policy of the Bank and taking into consideration, Rule 9.14.5 of the CSE Listing Rules;
2. to approve or reject the Related Party Transaction upon the required internal approvals being obtained;
3. to determine whether the relevant Related Party Transaction is fair to, and in the best interests of, the Bank and its stakeholders; and
4. to recommend to the full Board what action, if any, should be taken by the Board with respect to any Related Party Transaction. In such an instance, approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.
5. to recommend to the full Board where necessary that the approval of the shareholders of the Bank be obtained by way of a Special Resolution prior to the concerned transaction being entered into as specified in Section 9.14.6 and 9.14.9 of the CSE Listing Rules.
6. in respect of transactions with Related Parties which are recurrent, of revenue or trading nature and which is necessary for day-today operations of the Bank or its subsidiaries, to determine if the terms of a transaction with a Related Party is not favourable to the Related Party than those generally available to the public.

The Board appointed Related Party Transaction Review Committee comprises of 3 Non- Executive directors of whom are all Independent.

Composition of the Related Party Transactions Review Committee is as follows;

Name of the Board Subcommittee Member	Membership Status	Directorship Status
Dr. Dharmasri Kumaratunge	Chairman	Non – Executive / Independent
Mr. Sabry Ibrahim	Member	Non – Executive / Independent
Mr. Mahesh Nanayakkara	Member	Non – Executive / Independent
Mr. Gyanendra Dhungana	Member	Non – Executive / Non-Independent

9 STATUTORY DECLARATIONS

9.1 STATUTORY DECLARATION BY THE DIRECTORS

We, the undersigned who are named herein as Directors of Union Bank of Colombo PLC (Bank) hereby declare and confirm that we have read the provisions of Colombo Stock Exchange (CSE) Listing Rules and of the Companies Act No.7 of 2007 and any amendments thereto relating to the issue of the Prospectus and those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy and completeness of the information given and confirm that after making all reasonable enquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Bank have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Bank and making assumptions that are considered to be reasonable at the present point in time in our best judgment.

The parties to the BASEL III Compliant High Yield Debenture Issue including Lawyers, Auditors, Trustee, Rating Company and Managers and Placement Agent have submitted declarations to the Bank declaring that they have complied with all regulatory requirements applicable to such parties, and that such parties have no conflict of interest with the Bank. Further, the Bank Secretaries to the said Issue has also submitted declarations to the Bank declaring that they have complied with all regulatory requirements applicable to them.

An application has been made to the CSE for permission to deal in and for a listing of BASEL III Compliant High Yield Debentures issued by the Bank and those BASEL III Compliant High Yield Debentures which are the subject of this Issue. Such permission will be granted when BASEL III Compliant High Yield Debentures are listed on the CSE. The CSE assumes no responsibility for the correctness of any of the statements made or omitted statements or opinions expressed or reports included in this Prospectus. Listing on the CSE is not to be taken as an indication of the merits of the Bank or of the BASEL III Compliant High Yield Debentures issued.

Name of Directors	Designation	Signature
Mr. Dinesh Weerakkody	Chairman– Non–Executive / Independent	Sgd.
Mr. Nirvana Chaudhary	Deputy Chairman– Non – Executive / Non – Independent	Sgd.
Mr. Dilshan Rodrigo	Chief Executive Officer – Executive	Sgd.
Ms. Dilshani Wijayawardana	Non – Executive / Independent	Sgd.
Mr. Sabry Ibrahim	Non – Executive / Independent	Sgd.
Mr. Sanjay Pohkrel	Non – Executive / Non – Independent	Sgd.
Dr. Dharmasri Kumaratunge	Non – Executive / Independent	Sgd.
Mr. Mahesh Nanayakkara	Non – Executive / Independent	Sgd.
Mr. Gyanendra Dhungana	Non – Executive / Non – Independent	Sgd.

9.2 STATUTORY DECLARATION BY THE MANAGERS AND PLACEMENT AGENT TO THE ISSUE

We, First Capital Advisory Services Pvt Ltd of No 2, Deal Place, Colombo 2 , who are named in the Prospectus as the Managers and Placement Agent to the Issue hereby declare and confirm that to the best of our knowledge and belief, the Prospectus constitutes full and true disclosure of all material facts about the Issue and Union Bank of Colombo PLC whose BASEL III Compliant High Yield Debentures are being listed.

Signed by an authorized signatory of First Capital Advisory Services (Pvt) Ltd, being duly authorised thereto, at Colombo on this 24 February 2026.

Sgd.
Authorized Signatory

10 FINANCIAL INFORMATION

10.1 ACCOUNTANTS' REPORT AND FIVE YEAR SUMMARY OF FINANCIAL STATEMENTS

EY
Shape the future with confidence

Ernst & Young
Chartered Accountants
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Colombo 03, Sri Lanka

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Email: eysl@lk.ey.com
ey.com

HLF/KDM/JJ

Board of Directors
Union Bank of Colombo PLC
No.64, Galle Road
Colombo 03.

03 October 2025

Accountant's Report
Union Bank of Colombo PLC

Dear Sirs/Mesdames,

Introduction

This report has been prepared for the purpose of the prospectus issued in connection with the initial issue of Twenty Million (20,000,000), Basel III Compliant – Tier II, Listed, Rated, Unsecured, Subordinated, Redeemable five year High Yield Debentures with a Non-Viability Conversion feature ("Debentures") of LKR 100/- each with an option to issue up to a further Ten Million (10,000,000) of the said Debentures to raise up to a maximum of Sri Lankan Rupees Three Billion (LKR 3,000,000,000/-) at the discretion of the Bank, by Union Bank of Colombo PLC (the "Bank").

We have examined the Financial Statements of the Bank for the years ended 31 December 2020 to 31 December 2024, and report as follows.

1. Incorporation

The Bank was incorporated in Sri Lanka on 02 February 1995 as a Public Limited Liability Company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 and reregistered under the Companies Act No. 7 of 2007. Listed as a public quoted Company on the Colombo Stock Exchange. A Licensed Commercial Bank under the Banking Act No. 30 of 1988. The registered office address of the Bank is located at No. 64, Galle Road, Colombo 03, Sri Lanka.

2. Financial Information

2.1 Five-year Summary of Audited Financial Statements

A summary of Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Bank for the financial years ended 31 December 2020 to 31December 2024, based on the audited Financial Statements are set out on Annexure of the Accountants' Report.

(Contd...2/)

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (US.J-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp), M U M Mansoor ACA

A member firm of Ernst & Young Global Limited

2.2 Audited Financial Statements for the Year Ended 31 December 2024

Our audit report on the Financial Statements of the Bank for the year ended 31 December 2024 together with such Financial Statements comprising the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows along with the accounting policies and notes thereon are issued on 28 February 2025.

2.3 Audit Reports

We have audited the Financial Statements of the Bank for the years ended 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023 and December 2024. Unmodified audit opinions have been issued for the said financial years by our reports dated 25 February 2021, 25 February 2022, 28 February 2023, 28 February 2024 and 28 February 2025 respectively.

2.4 Accounting Policies

The Financial Statements of the Bank for the years ended 31 December 2020 to 31 December 2024 comply with Sri Lanka Accounting Standards.

The accounting policies of the Bank are stated in detail in the audited Financial Statements of the Bank for the year ended 31 December 2024.

2.5 Dividends

2.5.1 The Bank has paid dividends during the last five years as follows.

Year	Dividend Paid (Rs. '000)	Dividend Per Share (Rs.)
2020	151,698	0.14
2021	140,863	0.13
2022	Nil	Nil
2023	Nil	Nil
2024	Nil	Nil

The Bank has not paid any dividends for the financial year ended 31 December 2024.

2.6 Events after Reporting Date

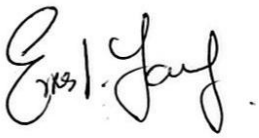
There were no material circumstances that have arisen since the reporting date, which require adjustment to or disclosure in the Financial Statements.

(Contd...3/)

3. Restriction on Use

This report is made solely for the purpose of the Board of Directors of Union Bank of Colombo PLC in usage in the application for the purpose of issued in connection with the initial issue of Twenty Million (20,000,000), Basel III Compliant – Tier II, Listed, Rated, Unsecured, Subordinated, Redeemable five year High Yield Debentures with a Non-Viability Conversion feature ("Debentures") of LKR 100/- each with an option to issue up to a further Ten Million (10,000,000) of the said Debentures to raise up to a maximum of Sri Lankan Rupees Three Billion (LKR 3,000,000,000/-) at the discretion of the Bank, by Union Bank of Colombo PLC (the "Bank").

Yours faithfully,



30th September 2025

The Partner
Ernst & Young,
Chartered Accountants,
Rotunda Towers,
No. 109, Galle Road,
Colombo - 03.

Dear Ms. Hiranthi Fonseka,

Request for Accountant's Statement for Inclusion in the Prospectus – Proposed Debenture Issuance

We write in connection with the proposed debenture issuance of Union Bank of Colombo PLC. The Bank intends to issue up to maximum of thirty million of BASEL III Complaint, Tier 2, Listed, Rated, Unsecured, Subordinated Redeemable High Yield Debentures with a non-viability conversion with a par value of Sri Lankan Rupees 100 each, to the public by way of an Initial Public Offering.

In this regard, we kindly request you to provide the Accountant's Statement to be included in the Prospectus, as required under the applicable regulatory framework. Further, we request you to certify the attached latest five-year financial summary extracted from the Audited Financial Statements of the Company as of 31 December each year.

The annexures provided herewith contain the relevant extracts for your review and certification:

- **Annexure I -** STATEMENT OF FINANCIAL POSITION – BANK
- **Annexure II -** STATEMENT OF FINANCIAL POSITION – GROUP
- **Annexure III -** STATEMENT OF PROFIT OR LOSS – BANK
- **Annexure IV -** STATEMENT OF PROFIT OR LOSS – GROUP
- **Annexure V -** STATEMENT OF COMPREHENSIVE INCOME – BANK
- **Annexure VI -** STATEMENT OF COMPREHENSIVE INCOME – GROUP
- **Annexure VII -** STATEMENT OF CHANGES IN EQUITY – BANK
- **Annexure VIII -** STATEMENT OF CHANGES IN EQUITY – GROUP
- **Annexure IX -** STATEMENT OF CASH FLOWS – BANK
- **Annexure X -** STATEMENT OF CASH FLOWS – GROUP

We would appreciate your cooperation in completing this exercise at the earliest to enable timely publication of the Prospectus.

Shanka Abeywardena
CHIEF FINANCIAL OFFICER

Dilshan Rodrigo
DIRECTOR/CHIEF EXCUTIVE OFFICER

ERNST & YOUNG Chartered Accountants COLOMBO

Union Bank of Colombo PLC - PB676PQ
No. 64, Galle Road, Colombo 03, Sri Lanka. (+94) 11 237 4100 | (+94) 11 233 7818 | info@unionb.com | www.unionb.com

UNIONBANK

Annexure I - STATEMENT OF FINANCIAL POSITION – BANK

	Bank				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Assets					
Cash and cash equivalents	3,736,158	3,181,546	5,831,375	2,322,357	2,405,091
Balances with Central Bank of Sri Lanka	375,596	484,876	2,170,248	1,492,713	722,727
Placements with Banks	1,135,072	3,618,819	1,659,589	118,969	15,747
Reverse repurchase agreements	562,470	2,989,653	375,582	1,000,505	-
Derivative financial instruments	44,429	28,856	14,794	26,402	38,189
Financial assets at fair value through profit or loss	4,884,509	6,495,860	1,648,699	2,575,616	7,143,403
Financial assets at amortised cost - loans and advances to customers	81,202,856	62,207,758	67,726,643	67,835,059	67,517,674
Financial assets at amortised cost - debt and other instruments	22,863,756	30,845,784	35,889,996	17,157,602	21,168,076
Financial assets at fair value through other comprehensive income	23,322,397	20,236,964	5,286,053	18,249,861	19,385,038
Investments in subsidiaries	3,043,405	2,814,347	2,761,747	2,905,051	882,478
Goodwill and intangible assets	1,615,188	1,210,845	1,459,304	1,318,660	1,314,234
Property, plant and equipment and Right of use assets	2,109,613	1,584,821	1,710,640	1,763,340	1,317,789
Deferred tax assets	582,376	827,216	483,966	351,256	-
Other assets	1,713,847	2,560,374	2,464,317	1,288,710	1,032,828
Total assets	**147,191,673**	**139,087,719**	**129,482,953**	**118,406,101**	**122,943,274**
Liabilities					
Due to Banks	7,996,693	3,375,823	2,601,475	6,056,855	9,980,590
Derivative financial instruments	22,162	56,769	-	22,327	8,313
Repurchase agreements	13,197,001	25,431,273	12,551,812	8,662,744	10,205,564
Financial liabilities at amortised cost - Due to customers	103,740,584	87,984,721	92,591,545	83,416,119	82,383,852
Current tax liability	34,978	363,738	276,181	365,844	262,689
Deferred tax liabilities	-	-	-	-	53,841
Other liabilities	2,359,897	2,611,369	2,649,109	1,956,993	1,958,408
Total liabilities	**127,351,315**	**119,823,693**	**110,670,122**	**100,480,882**	**104,853,257**
Equity					
Stated capital	16,334,782	16,334,782	16,334,782	16,334,782	16,334,782
Share warrants	65,484	65,484	65,484	65,484	65,484
Statutory reserve fund	292,152	277,142	258,182	242,473	204,227
Fair value through OCI reserve	333,875	83,899	14,099	(620,022)	217,840
Retained earnings	2,771,202	2,461,628	2,102,979	1,879,002	1,244,184
ESOP reserve	42,863	41,091	37,305	23,500	23,500
Total equity attributable to equity holders of the Bank	**19,840,358**	**19,264,026**	**18,812,831**	**17,925,219**	**18,090,017**
Non-controlling interest	-	-	-	-	-
Total equity	**19,840,358**	**19,264,026**	**18,812,831**	**17,925,219**	**18,090,017**
Total equity and liabilities	**147,191,673**	**139,087,719**	**129,482,953**	**118,406,101**	**122,943,274**

The above summarized financial information has been extracted from the Audited Financial Statements, for which the management is responsible, and is signed on behalf of the management of the Bank by:

Shanka Abeywardena
CHIEF FINANCIAL OFFICER

Dilshan Rodrigo
DIRECTOR/CHIEF EXCUTIVE OFFICER

ERNST & YOUNG
Chartered Accountants
COLOMBO

Union Bank of Colombo PLC - PB676PQ
No. 64, Galle Road, Colombo 03, Sri Lanka. (+94) 11 237 4100 | (+94) 11 233 7818 | info@unionb.com | www.unionb.com

UNIONBANK

Annexure II - STATEMENT OF FINANCIAL POSITION – GROUP

	GROUP				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Assets					
Cash and cash equivalents	4,333,380	3,329,804	6,016,521	2,470,657	2,832,540
Balances with Central Bank of Sri Lanka	375,596	484,876	2,170,248	1,492,713	722,727
Placements with Banks	1,135,072	3,618,819	1,659,589	118,969	15,747
Reverse repurchase agreements	562,470	2,989,653	375,582	1,144,628	240,736
Derivative financial instruments	44,429	28,856	14,794	26,402	38,189
Financial assets at fair value through profit or loss	4,994,837	6,606,034	2,218,303	2,584,312	7,180,220
Financial assets at amortised cost - loans and advances to customers	89,885,133	69,558,902	76,103,118	75,303,620	73,776,668
Financial assets at amortised cost - debt and other instruments	23,874,378	33,297,389	35,795,165	16,991,208	20,509,495
Financial assets at fair value through other comprehensive income	23,353,910	20,258,822	5,307,787	18,276,759	19,397,252
Investments in real estate	46,225	64,478	76,222	89,110	106,890
Goodwill and intangible assets	1,941,454	1,541,836	1,793,296	1,657,051	1,661,555
Property, plant and equipment and Right of use assets	2,530,960	1,900,736	1,913,671	1,948,758	1,523,305
Deferred tax assets	654,579	975,965	673,278	614,876	445,436
Other assets	1,861,798	2,675,619	2,561,431	1,373,862	1,119,602
Total assets	**155,594,221**	**147,331,789**	**136,679,005**	**124,092,925**	**129,570,362**
Liabilities					
Due to Banks	8,215,859	3,442,119	2,679,312	5,824,570	9,168,079
Derivative financial instruments	22,162	56,769	-	22,327	8,313
Repurchase agreements	13,197,001	25,431,273	12,451,749	8,282,700	10,100,553
Financial liabilities at amortised cost - Due to customers	110,629,257	95,391,334	98,942,753	87,618,235	87,104,192
Financial liabilities at amortised cost - Other borrowed funds	407,128	-	331,516	1,636,362	2,347,634
Current tax liability	36,285	365,484	283,816	388,738	471,398
Deferred tax liabilities	-	-	-	193	54,135
Other liabilities	2,877,701	3,038,367	2,974,110	2,298,948	2,251,102
Total liabilities	**135,385,393**	**127,725,346**	**117,663,256**	**106,072,073**	**111,505,406**
Equity					
Stated capital	16,334,782	16,334,782	16,334,782	16,334,782	16,334,782
Share warrants	65,484	65,484	65,484	65,484	65,484
Statutory reserve fund	319,758	304,748	282,802	267,093	228,847
Fair value through OCI reserve	346,111	96,135	26,335	(607,786)	230,076
Retained earnings	2,537,465	2,203,461	1,998,295	1,654,441	951,674
ESOP reserve	42,863	41,091	37,305	23,500	23,500
Regulatory loss allowance reserve	201,688	228,647	-	-	-
Total equity attributable to equity holders of the Bank	**19,848,151**	**19,274,348**	**18,745,003**	**17,737,514**	**17,834,363**
Non-controlling interest	360,677	332,095	270,746	283,338	230,593
Total equity	**20,208,828**	**19,606,443**	**19,015,749**	**18,020,852**	**18,064,956**
Total equity and liabilities	**155,594,221**	**147,331,789**	**136,679,005**	**124,092,925**	**129,570,362**

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CHIEF FINANCIAL OFFICER

Dilshan Rodrigo
DIRECTOR/CHIEF EXCUTIVE OFFICER

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Annexure III - STATEMENT OF PROFIT OR LOSS – BANK

	Bank				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Gross income	**16,450,684**	**22,410,834**	**18,966,036**	**10,978,924**	**13,370,190**
Interest income	14,008,163	20,216,418	16,728,096	9,146,880	11,179,991
Less: Interest expenses	9,181,644	13,926,221	10,914,005	4,889,654	7,310,035
Net interest income	**4,826,519**	**6,290,197**	**5,814,091**	**4,257,226**	**3,869,956**
Fee and commission income	1,543,796	1,586,792	1,444,896	1,054,185	872,531
Less: Fee and commission expenses	391,417	386,983	302,386	194,130	169,906
Net fee and commission income	**1,152,379**	**1,199,809**	**1,142,510**	**860,055**	**702,625**
Net fair value gains/ (losses) from financial instruments at fair value through profit or loss	133,668	55,843	-	-	-
Net gains/(losses) from derecognition of financial investments	737,131	456,200	-	-	-
Net fair value gains/(losses) from financial instruments at fair value through profit or loss	-	-	39,097	233,567	533,033
Net gains/(losses) from financial assets at fair vale through other comprehensive income	-	-	3,906	205,235	610,463
Net other operating income	27,926	95,582	750,041	339,057	174,172
Total operating income	**6,877,623**	**8,097,630**	**7,749,645**	**5,895,140**	**5,890,249**
Less: Impairment for loans and other losses	141,901	1,643,327	2,555,959	932,879	735,731
Net operating income	**6,735,722**	**6,454,303**	**5,193,686**	**4,962,261**	**5,154,518**
Less: Operating expenses					
Personnel expenses	2,425,758	2,349,674	2,003,351	1,811,802	1,901,968
Depreciation and amortisation	814,325	766,341	727,484	677,675	664,964
Other expenses	2,287,444	2,003,687	1,538,316	1,190,738	1,205,314
Total operating expenses	**5,527,527**	**5,119,702**	**4,269,151**	**3,680,215**	**3,772,246**
Results from operating activities	**1,208,195**	**1,334,601**	**924,535**	**1,282,046**	**1,382,272**
Share of profit/(losses) of equity accounted investees, net of tax	(1,471)	57,499	(136,361)	66,038	(28,945)
Prot before value added tax (VAT) on Fnancial services & social security contribution Levy (SSCL)	**1,206,724**	**1,392,100**	**788,174**	**1,348,084**	**1,353,327**
Less: VAT on financial services & SSCL	549,446	611,856	431,746	368,745	414,394
Prot before income tax	**657,278**	**780,244**	**356,428**	**979,339**	**938,933**
Less: Income tax expense	357,076	401,038	42,240	214,420	362,397
Prot for the year	**300,202**	**379,206**	**314,188**	**764,919**	**576,536**
Attributable to:					
Equity holders of the parent	300,202	379,206	314,188	764,919	576,536
Non-controlling interest	-	-	-	-	-
Profit for the year	**300,202**	**379,206**	**314,188**	**764,919**	**576,536**

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Dilshan Rodrigo
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Annexure IV - STATEMENT OF PROFIT OR LOSS – GROUP

	GROUP				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Gross income	**18,677,455**	**24,893,437**	**21,091,781**	**12,723,121**	**15,042,092**
Interest income	15,974,939	22,493,007	18,681,445	10,699,360	12,714,314
Less: Interest expenses	10,358,394	15,318,594	11,919,476	5,514,469	8,176,717
Net interest income	**5,616,545**	**7,174,413**	**6,761,969**	**5,184,891**	**4,537,597**
Fee and commission income	1,678,780	1,685,569	1,540,486	1,188,398	969,229
Less: Fee and commission expenses	417,988	397,043	326,848	220,438	177,230
Net fee and commission income	**1,260,792**	**1,288,526**	**1,213,638**	**967,960**	**791,999**
Net fair value gains/ (losses) from financial instruments at fair value through profit or loss	129,448	55,843	-	-	
Net gains/(losses) from derecognition of financial investments	754,902	456,907	-	-	
Net fair value gains/(losses) from financial instruments at fair value through profit or loss	-	-	47,093	227,327	535,058
Net gains/(losses) from financial assets at fair vale through other comprehensive income	-	-	5,635	208,078	611,068
Net other operating income	139,386	202,111	817,122	399,958	212,423
Total operating income	**7,901,073**	**9,177,798**	**8,845,457**	**6,988,214**	**6,688,145**
Less: Impairment for loans and other losses	182,064	1,740,474	2,970,048	1,136,663	948,288
Net operating income	**7,719,009**	**7,437,324**	**5,875,409**	**5,851,551**	**5,739,857**
Less: Operating expenses					
Personnel expenses	2,775,329	2,685,089	2,306,386	2,064,869	2,131,069
Depreciation and amortisation	895,383	832,774	787,282	737,050	724,666
Other expenses	2,678,192	2,324,591	1,791,229	1,380,819	1,375,361
Total operating expenses	**6,348,904**	**5,842,454**	**4,884,897**	**4,182,738**	**4,231,096**
Results from operating activities	**1,370,105**	**1,594,870**	**990,512**	**1,668,813**	**1,508,761**
Share of profit/(losses) of equity accounted investees, net of tax	-	-	-	-	-
Prot before value added tax (VAT) on Fnancial services & social security contribution Levy (SSCL)	**1,370,105**	**1,594,870**	**990,512**	**1,668,813**	**1,508,761**
Less: VAT on financial services & SSCL	636,692	694,003	465,236	428,955	440,091
Prot before income tax	**733,413**	**900,867**	**525,276**	**1,239,858**	**1,068,670**
Less: Income tax expense	433,687	436,980	102,337	389,676	445,917
Prot for the year	**299,726**	**463,887**	**422,939**	**850,182**	**622,753**
Attributable to:					
Equity holders of the parent	297,673	456,292	434,065	836,834	632,712
Non-controlling interest	2,053	7,595	(11,126)	13,348	(9,959)
Profit for the year	**299,726**	**463,887**	**422,939**	**850,182**	**622,753**

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COLOMBO

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Annexure V - STATEMENT OF COMPREHENSIVE INCOME – BANK

	Bank				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Profit for the year	**300,202**	**379,206**	**314,188**	**764,919**	**576,536**
Other comprehensive income that will be reclassied to profit or loss in subsequent periods:					
Debt instruments at fair value through other comprehensive income					
Net change in fair value during the year	453,617	142,667	12,439	(620,905)	183,251
Reclassification to the income statement	(96,509)	(42,953)	(1,430)	(496,346)	58,221
Less: Income tax effect on above	(107,132)	(29,914)	(3,248)	268,140	(67,612)
Less: Income tax effect on rate change	-	-	(55)	11,673	-
Share of other comprehensive income of equity accounted investees, net of tax	-	-	(1,552)	(424)	(569)
Total items that will be reclassied to the statement of prot or loss	**249,976**	**69,800**	**6,154**	**(837,862)**	**173,291**
Other comprehensive income that will not be reclassied to profit or loss in subsequent periods:					
Actuarial gains/ (losses) on defined benefit plans	26,665	(3,278)	(105,665)	54,346	11,927
Revaluation gains/ (losses) on equity instruments at fair value	-	-	-	-	-
Less: Income tax effect on above	(8,000)	984	31,699	(13,004)	(3,340)
Less: Income tax effect on rate change	-	-	(1,569)	(1,167)	-
Share of other comprehensive income of equity accounted investees, net of tax	5,717	697	1,033	8,833	771
Total items that will not be reclassied to the statement of profit or loss	**24,382**	**(1,597)**	**(74,502)**	**49,008**	**9,358**
Other comprehensive income/(loss) for the year, net of taxes	**274,358**	**68,203**	**(68,348)**	**(788,854)**	**182,649**
Total comprehensive income for the year, net of tax	**574,560**	**447,409**	**245,840**	**(23,935)**	**759,185**
Attributable to:					
Equity holders of the parent	574,560	447,409	245,840	(23,935)	759,185
Non-controlling interest	-	-	-	-	-
Total comprehensive income for the year, net of tax	**574,560**	**447,409**	**245,840**	**(23,935)**	**759,185**

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Annexure VI - STATEMENT OF COMPREHENSIVE INCOME – GROUP

	GROUP				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Profit for the year	**299,726**	**463,887**	**422,939**	**850,182**	**622,753**
Other comprehensive income that will be reclassied to profit or loss in subsequent periods:					
Debt instruments at fair value through other comprehensive income					
Net change in fair value during the year	453,617	142,667	9,397	(621,737)	182,135
Reclassification to the income statement	(96,509)	(42,953)	(1,430)	(496,346)	58,221
Less: Income tax effect on above	(107,132)	(29,914)	(3,248)	268,340	(67,612)
Less: Income tax effect on rate change	-	-	(55)	11,473	-
Total items that will be reclassied to the statement of prot or loss	**249,976**	**69,800**	**4,664**	**(838,270)**	**172,744**
Other comprehensive income that will not be reclassied to profit or loss in subsequent periods:					
Actuarial gains/ (losses) on defined benefit plans	26,539	(2,666)	(108,941)	55,338	13,628
Revaluation gains/ (losses) on equity instruments at fair value through other comprehensive income	9,654	125	6,108	15,425	-
Less: Income tax effect on above	(10,858)	762	30,850	(16,944)	(3,816)
Less: Income tax effect on rate change	-	-	(2,495)	(1,167)	
Total items that will not be reclassied to the statement of	**25,335**	**(1,779)**	**(74,478)**	**52,652**	**9,812**
Other comprehensive income/(loss) for the year, net of taxes	**275,311**	**68,021**	**(69,814)**	**(785,618)**	**182,556**
Total comprehensive income for the year, net of tax	**575,037**	**531,908**	**353,124**	**64,564**	**805,309**
Attributable to:					
Equity holders of the parent	572,031	524,495	365,716	47,980	815,361
Non-controlling interest	3,006	7,413	(12,592)	16,584	(10,052)
Total comprehensive income for the year, net of tax	**575,037**	**531,908**	**353,124**	**64,564**	**805,309**

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Annexure VII - STATEMENT OF CHANGES IN EQUITY – BANK

	Stated Capital	Share Warrants	Statutory Reserve Fund	Fair value through OCI Reserve	Retained Earnings	ESOP Reserve	Total Equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 1 January 2020	**16,334,782**	**65,484**	**175,400**	**44,549**	**838,815**	**51,426**	**17,510,456**
Total comprehensive income for the year							
Net profit for the year	-	-	-	-	576,536	-	**576,536**
Other comprehensive income	-	-	-	173,291	9,358	-	**182,649**
Total comprehensive income	**-**	**-**	**-**	**173,291**	**585,894**	**-**	**759,185**
Transactions with equity holders, recognised directly in equity							
Share based payment expense	-	-	-	-	-	(27,926)	**(27,926)**
Dividend to Equity Holders	-	-	-	-	(151,698)	-	**(151,698)**
Transfers during the year	-	-	28,827	-	(28,827)	-	**-**
Balance as at 31 December 2020	**16,334,782**	**65,484**	**204,227**	**217,840**	**1,244,184**	**23,500**	**18,090,017**
Total comprehensive income for the year							
Net profit for the year	-	-	-	-	764,919	-	**764,919**
Other comprehensive income	-	-	-	(837,862)	49,008	-	**(788,854)**
Total comprehensive income	**-**	**-**	**-**	**(837,862)**	**813,927**	**-**	**(23,935)**
Transactions with equity holders, recognised directly in equity							
Share based payment expense							**-**
Dividend to Equity Holders	-	-	-	-	(140,863)	-	**(140,863)**
Transfers during the year	-	-	38,246	-	(38,246)	-	**-**
Balance as at 31 December 2021	**16,334,782**	**65,484**	**242,473**	**(620,022)**	**1,879,002**	**23,500**	**17,925,219**
Total comprehensive income forthe year							
Net profit for the year	-	-	-	-	314,188	-	**314,188**
Other comprehensive income	-	-	-	6,154	(74,502)	-	**(68,348)**
Total comprehensive income	**-**	**-**	**-**	**6,154**	**239,686**	**-**	**245,840**
Transactions with equity holders, recognised directly in equity							
Share based payment expense	-	-	-	-	-	13,805	**13,805**
Instruments Transferred to Amortised Cost	-	-	-	627,967	-	-	**627,967**
Regulatory Loss Allowance Reserve	-	-	15,709	-	(15,709)	-	**-**
Balance as at 31 December 2022	**16,334,782**	**65,484**	**258,182**	**14,099**	**2,102,979**	**37,305**	**18,812,831**
Total comprehensive income for the year							
Net profit for the year	-	-	-	-	379,206	-	**379,206**
Other comprehensive income	-	-	-	69,800	(1,597)	-	**68,203**
Total comprehensive income	**-**	**-**	**-**	**69,800**	**377,609**	**-**	**447,409**
Transactions with equity holders, recognised directly in equity							
Share based payment expense	-	-	-	-	-	3,786	**3,786**
Transfers during the year	-	-	18,960	-	(18,960)	-	**-**
Balance as at 31 December 2023	**16,334,782**	**65,484**	**277,142**	**83,899**	**2,461,628**	**41,091**	**19,264,026**
Total comprehensive income for the year							
Net profit for the year	-	-	-	-	300,202	-	**300,202**
Other comprehensive income	-	-	-	249,976	24,382	-	**274,358**
Total comprehensive income	**-**	**-**	**-**	**249,976**	**324,584**	**-**	**574,560**
Transactions with equity holders, recognised directly in equity							
Share based payment expense	-	-	-	-	-	1,772	**1,772**
Transfers during the year	-	-	15,010	-	(15,010)	-	**-**
Balance as at 31 December 2024	**16,334,782**	**65,484**	**292,152**	**333,875**	**2,771,202**	**42,863**	**19,840,358**

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Annexure VIII - STATEMENT OF CHANGES IN EQUITY – GROUP

	Stated Capital	Share Warrants	Statutory Reserve Fund	Fair value through OCI Reserve	Retained Earnings	ESOP Reserve	Regulatory Loss Allowance Reserve	Total Equity	Non Controlling Interest	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 1 January 2020	**16,334,782**	**65,484**	**200,020**	**56,785**	**490,129**	**51,426**	**-**	**17,198,626**	**240,645**	**17,439,271**
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	632,712	-	-	**632,712**	(9,959)	**622,753**
Other comprehensive income	-	-	-	173,291	9,358	-	-	**182,649**	(93)	**182,556**
Total comprehensive income	**-**	**-**	**-**	**173,291**	**642,070**	**-**	**-**	**815,361**	**(10,052)**	**805,309**
Transactions with equity holders, recognised directly in equity										
Share based payment expense	-	-	-	-	-	(27,926)	-	**(27,926)**	-	**(27,926)**
Dividend to Equity Holders	-	-	-	-	(151,698)	-	-	**(151,698)**	-	**(151,698)**
Transfers during the year	-	-	28,827	-	(28,827)	-	-	-	-	-
Balance as at 31 December 2020	**16,334,782**	**65,484**	**228,847**	**230,076**	**951,674**	**23,500**	**-**	**17,834,363**	**230,593**	**18,064,956**
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	836,834	-	-	**836,834**	13,348	**850,182**
Other comprehensive income	-	-	-	(837,862)	49,008	-	-	**(788,854)**	3,236	**(785,618)**
Total comprehensive income	**-**	**-**	**-**	**(837,862)**	**885,842**	**-**	**-**	**47,980**	**16,584**	**64,564**
Transactions with equity holders, recognised directly in equity										
Dividend to Equity Holders	-	-	-	-	(140,863)	-	-	**(140,863)**	-	**(140,863)**
Share issue - right issue	-	-	-	-	-	-	-	-	32,195	**32,195**
Change in control	-	-	-	-	(3,966)	-	-	**(3,966)**	3,966	-
Transfers during the year	-	-	38,246	-	(38,246)	-	-	-	-	-
Balance as at 31 December 2021	**16,334,782**	**65,484**	**267,093**	**(607,786)**	**1,654,441**	**23,500**	**-**	**17,737,514**	**283,338**	**18,020,852**
Total comprehensive income forthe year										
Net profit for the year	-	-	-	-	434,065	-	-	**434,065**	(11,126)	**422,939**
Other comprehensive income	-	-	-	6,154	(74,502)	-	-	**(68,348)**	(1,466)	**(69,814)**
Total comprehensive income	**-**	**-**	**-**	**6,154**	**359,563**	**-**	**-**	**365,717**	**(12,592)**	**353,125**
Transactions with equity holders, recognised directly in equity										
New Right Issue	-	-	-	-	-	-	-	-	-	-
Share based payment expense	-	-	-	-	-	13,805	-	**13,805**	-	**13,805**
Transfers during the year	-	-	15,709	-	(15,709)	-	-	-	-	-
Instruments Transferred to Amortised Cost	-	-	-	627,967	-	-	-	**627,967**	-	**627,967**
Balance as at 31 December 2022	**16,334,782**	**65,484**	**282,802**	**26,335**	**1,998,295**	**37,305**	**-**	**18,745,003**	**270,746**	**19,015,749**
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	456,292	-	-	**456,292**	7,595	**463,887**
Other comprehensive income	-	-	-	69,800	(1,597)	-	-	**68,203**	(182)	**68,021**
Total comprehensive income	**-**	**-**	**-**	**69,800**	**454,695**	**-**	**-**	**524,495**	**7,413**	**531,908**
Transactions with equity holders, recognised directly in equity										
Share based payment expense	-	-	-	-	-	3,786	-	**3,786**	-	**3,786**
Regulatory Loss Allowance Reserve	-	-	-	-	(228,647)	-	228,647	-	-	-
Change in control	-	-	-	-	1,064	-	-	**1,064**	53,936	**55,000**
Transfers during the year	-	-	21,946	-	(21,946)	-	-	-	-	-
Balance as at 31 December 2023	**16,334,782**	**65,484**	**304,748**	**96,135**	**2,203,461**	**41,091**	**228,647**	**19,274,348**	**332,095**	**19,606,443**
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	297,673	-	-	**297,673**	2,053	**299,726**
Other comprehensive income	-	-	-	249,976	24,382	-	-	**274,358**	953	**275,311**
Total comprehensive income	**-**	**-**	**-**	**249,976**	**322,055**	**-**	**-**	**572,031**	**3,006**	**575,037**
Transactions with equity holders, recognised directly in equity										
New Right Issue	-	-	-	-	-	-	-	-	25,576	**25,576**
Share based payment expense	-	-	-	-	-	1,772	-	**1,772**	-	**1,772**
Transfers during the year	-	-	15,010	-	(15,010)	-	-	-	-	-
Regulatory Loss Allowance Reserve	-	-	-	-	26,959	-	(26,959)	-	-	-
Balance as at 31 December 2024	**16,334,782**	**65,484**	**319,758**	**346,111**	**2,537,465**	**42,863**	**201,688**	**19,848,151**	**360,677**	**20,208,827**

The above summarized financial information has been extracted from the Audited Financial Statements, for which the management is responsible, and is signed on behalf of the management of the Bank by:

Shanka Abeywardena
CHIEF FINANCIAL OFFICER

Dilshan Rodrigo
DIRECTOR/CHIEF EXCUTIVE OFFICER

ERNST & YOUNG Chartered Accountants COLOMBO

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UNIONBANK

Annexure IX - STATEMENT OF CASH FLOWS – BANK

	Bank				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cash Flow from Operating Activities					
Interest receipts	13,068,063	19,716,630	15,418,589	8,755,576	10,485,733
Fee and commission receipts	1,152,380	1,199,809	1,142,510	860,055	702,626
Interest payments	(10,003,842)	(13,990,350)	(9,402,352)	(5,746,365)	(6,868,433)
Receipts from other operating activities	1,039,233	653,131	802,592	792,117	1,337,669
Payments on other operating activities	(5,499,366)	(5,210,254)	(3,896,519)	(3,431,949)	(3,804,974)
Operating profit before changes in operating assets & liabilities	**(243,532)**	**2,368,966**	**4,064,820**	**1,229,434**	**1,852,621**
(Increase)/decrease in operating assets:					
Balances with Central Bank of Sri Lanka	109,280	1,685,372	(677,535)	(769,986)	1,591,470
Financial assets at amortised cost - loans and advances to customers	(18,458,049)	3,796,832	(1,309,841)	(849,595)	9,700,625
Others	830,953	(110,119)	(1,164,000)	(244,896)	(134,584)
	(17,517,816)	**5,372,085**	**(3,151,376)**	**(1,864,477)**	**11,157,511**
Increase /(decrease) in operating liabilities:					
Due to Banks	2,079,883	249,778	724,454	(480,389)	568,740
Due to customers	16,403,496	(4,386,671)	7,758,163	1,917,731	5,444,433
Repurchase agreements	(12,163,695)	12,836,803	3,868,181	(1,555,645)	(1,905,348)
Others	(241,691)	157,460	283,430	(89,228)	(901,982)
	6,077,993	**8,857,370**	**12,634,228**	**(207,531)**	**3,205,843**
Net cash from/(used in) operating activities before income tax	**(11,683,355)**	**16,598,421**	**13,547,672**	**(842,574)**	**16,215,975**
Retirement benefit obligation paid	(108,129)	(55,417)	(41,630)	(22,900)	(9,016)
Income tax paid	(556,129)	(685,661)	(436,165)	(250,720)	(177,969)
Net cash from/(used in) operating activities	**(12,347,613)**	**15,857,343**	**13,069,877**	**(1,116,194)**	**16,028,990**
Cash flow from/(used in) investing activities					
Dividends received	1,536	1,019	1,093	1,041	960
Financial assets at fair value through profit or loss	1,641,200	(4,769,819)	957,820	4,537,306	(3,924,598)
Financial assets at fair value through other comprehensive income	(2,500,335)	(14,863,250)	(5,114,113)	(67,999)	(1,540,415)
Financial assets at amortised cost - debt and other instruments	7,982,917	5,305,661	149,833	3,800,779	(7,694,619)
Investment in subsidiaries	(228,703)	-	-	(1,956,015)	-
Purchase of property, plant & equipment	(758,921)	(98,236)	(118,698)	(418,176)	(65,732)
Purchase of intangible assets	(686,169)	(30,990)	(382,347)	(235,178)	(183,477)
Proceeds from sale of property, plant & equipment	1,216	847	3,331	169	6,430
Net cash from/(used in) investing activities	**5,452,741**	**(14,454,768)**	**(4,503,081)**	**5,661,927**	**(13,401,451)**
Cash flow from/(used in) financing activities					
Increase/(decrease) in borrowings	2,351,543	558,269	(4,084,406)	(3,494,704)	(3,114,273)
Dividend paid	-	-	-	(140,863)	(151,698)
Net cash from/(used in) financing activities	**2,351,543**	**558,269**	**(4,084,406)**	**(3,635,567)**	**(3,265,971)**
Net increase/(decrease) in cash and cash equivalents	**(4,543,329)**	**1,960,844**	**4,482,390**	**910,166**	**(638,432)**
Cash and cash equivalents at beginning of the year	9,767,999	7,807,155	3,324,765	2,414,599	3,053,031
Cash and cash equivalents at end of the year	**5,224,670**	**9,767,999**	**7,807,155**	**3,324,765**	**2,414,599**
Reconciliation of cash and cash equivalents					
Cash in hand and at Banks	3,736,158	3,181,546	5,831,375	2,322,357	2,405,091
Placements with Banks	1,134,133	3,618,819	1,659,589	118,969	15,747
Due to Banks - unfavourable balances with Banks	(208,091)	(22,019)	(59,391)	(117,066)	(6,239)
Reverse repurchase agreements	562,470	2,989,653	375,582	1,000,505	-
Total cash and cash equivalents at end of the year	**5,224,670**	**9,767,999**	**7,807,155**	**3,324,765**	**2,414,599**

The above summarized financial information has been extracted from the Audited Financial Statements, for which the management is responsible, and is signed on behalf of the management of the Bank by:

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UNIONBANK

Annexure X - STATEMENT OF CASH FLOWS – GROUP

	GROUP				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cash Flow from Operating Activities					
Interest receipts	15,190,718	21,933,995	17,144,240	9,788,679	12,210,773
Fee and commission receipts	1,260,793	1,288,526	1,213,638	967,960	791,999
Interest payments	(11,967,467)	(14,384,929)	(10,300,189)	(6,437,221)	(7,841,467)
Receipts from other operating activities	1,156,194	749,195	875,591	832,467	1,373,838
Payments on other operating activities	(6,374,705)	(5,990,353)	(4,478,809)	(3,948,424)	(4,262,868)
Operating profit before changes in operating assets & liabilities	**(734,467)**	**3,596,434**	**4,454,471**	**1,203,461**	**2,272,275**
(Increase)/decrease in operating assets:					
Balances with Central Bank of Sri Lanka	109,280	1,685,372	(677,535)	(769,986)	1,591,470
Financial assets at amortised cost - loans and advances to customers	(19,988,019)	4,644,798	(2,424,740)	(2,355,458)	10,556,354
Others	816,501	(116,507)	(1,163,071)	(225,494)	(109,553)
	(19,062,238)	**6,213,663**	**(4,265,346)**	**(3,350,938)**	**12,038,271**
Increase /(decrease) in operating liabilities:					
Due to Banks	2,079,883	249,778	724,454	(480,389)	568,740
Due to customers	16,571,273	(4,340,973)	9,724,332	1,357,411	4,060,107
Repurchase agreements	(12,163,695)	12,936,866	4,148,162	(1,830,677)	(2,010,359)
Others	(194,447)	161,196	290,303	(242,989)	(913,013)
	6,293,014	**9,006,867**	**14,887,251**	**(1,196,644)**	**1,705,475**
Net cash from/(used in) operating activities before income tax	**(13,503,691)**	**18,816,964**	**15,076,376**	**(3,344,121)**	**16,016,021**
Retirement benefit obligation paid	(111,192)	(62,897)	(44,095)	(24,888)	(12,418)
Income tax paid	(559,488)	(687,153)	(436,762)	(253,326)	(187,308)
Net cash from/(used in) operating activities	**(14,174,371)**	**18,066,914**	**14,595,519**	**(3,622,335)**	**15,816,295**
Cash flow from/(used in) investing activities					
Dividends received	2,133	1,725	2,822	3,884	1,564
Financial assets at fair value through profit or loss	1,774,930	(4,305,399)	(117,894)	5,067,724	(3,917,385)
Financial assets at fair value through other comprehensive income	(2,509,990)	(14,863,375)	(5,111,990)	(82,684)	(1,539,391)
Financial assets at amortised cost - debt and other instruments	9,423,898	2,849,875	348,821	3,549,782	(7,697,638)
Purchase of property, plant & equipment	(863,584)	(142,610)	(143,602)	(433,530)	(79,363)
Purchase of intangible assets	(686,845)	(35,530)	(382,689)	(236,656)	(185,310)
Proceeds from sale of property, plant & equipment	4,988	2,197	3,331	8,359	18,540
Net cash from/(used in) investing activities	**7,145,530**	**(16,493,117)**	**(5,401,201)**	**7,876,879**	**(13,398,983)**
Cash flow from/(used in) financing activities					
Increase/(decrease) in borrowings	2,756,970	228,867	(4,821,685)	(3,576,801)	(2,217,829)
Dividend paid	-	-	-	(140,863)	(151,698)
Proceeds from shares	25,576	55,000	-	-	-
Net cash from/(used in) financing activities	**2,782,546**	**283,867**	**(4,821,685)**	**(3,717,664)**	**(2,369,527)**
Net increase/(decrease) in cash and cash equivalents	**(4,246,295)**	**1,857,663**	**4,372,633**	**536,880**	**47,785**
Cash and cash equivalents at beginning of the year	9,849,960	7,992,297	3,619,664	3,082,784	3,034,999
Cash and cash equivalents at end of the year	**5,603,665**	**9,849,960**	**7,992,297**	**3,619,664**	**3,082,784**
Reconciliation of cash and cash equivalents					
Cash in hand and at Banks	4,333,380	3,329,804	6,016,521	2,470,657	2,832,540
Placements with Banks	1,135,072	3,618,819	1,659,589	118,969	15,747
Due to Banks - unfavourable balances with Banks	(427,257)	(88,316)	(59,395)	(114,590)	(6,239)
Reverse repurchase agreements	562,470	2,989,653	375,582	1,144,628	240,736
Total cash and cash equivalents at end of the year	**5,603,665**	**9,849,960**	**7,992,297**	**3,619,664**	**3,082,784**

The above summarized financial information has been extracted from the Audited Financial Statements, for which the management is responsible, and is signed on behalf of the management of the Bank by:

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ANNEXURE I - COPY OF THE RATING CERTIFICATE

Fitch Ratings Lanka Ltd



Ruani Goonetilleke
Authorized Signatory

FitchRatings

RATING ACTION COMMENTARY

Fitch Assigns Union Bank's Proposed Basel III Subordinated Debt Final 'BB(lka)'

Fri 20 Feb, 2026 - 2:09 AM ET

Fitch Ratings - Colombo/Singapore - 20 Feb 2026: Fitch Ratings has assigned Union Bank of Colombo PLC's (UB, BBB-(lka)/Negative) proposed Sri Lankan rupee-denominated Basel III-compliant subordinated debentures of up to LKR3 billion a final National Long-Term Rating of 'BB(lka)'.

The proposed debentures, which will mature in five years, will be listed on the Colombo Stock Exchange. The bank plans to use the proceeds to strengthen its Tier 2 capital and support the expansion of its loan book.

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

The final rating is the same as the expected rating assigned on 3 October 2025 and follows the receipt of documents conforming to information already received.

KEY RATING DRIVERS

The proposed debentures are rated two notches below the bank's National Long-Term Rating to reflect Fitch's baseline notching for loss severity for this type of debt and expectation of poor recoveries. There is no additional notching for non-performance risk, as the proposed notes do not incorporate going-concern loss-absorption features.

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

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

RATING SENSITIVITIES

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

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

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

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

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

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

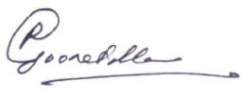
RATING ACTIONS

ENTITY / DEBT	RATING			PRIOR
Union Bank of Colombo PLC				
subordinated	Natl LT	BB(lka)	New Rating	BB(EXP)(lka)

VIEW ADDITIONAL RATING DETAILS

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Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if

any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

APPLICABLE CRITERIA

National Scale Rating Criteria (pub. 22 Dec 2020)

Bank Rating Criteria (pub. 22 Mar 2025) (including rating assumption sensitivity)

ADDITIONAL DISCLOSURES

Solicitation Status

Endorsement Policy

Potential Conflicts Resulting from Revenue Concentrations

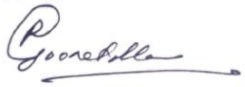
ENDORSEMENT STATUS

Union Bank of Colombo PLC -

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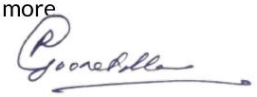
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details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch's website.

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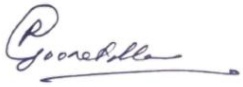
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ANNEXURE II - COLLECTION POINTS

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points.

Issuer	**Managers and Placement Agent to the Issue**
Union Bank of Colombo PLC No. 64, Galle Road, Colombo 03 Tel: +94 11 2 374 100 Fax: +94 11 2 337 818	First Capital Advisory Services (Pvt) Ltd No. 2, Deal Place Colombo 03 Tel: + 94 11 2 639 873 Fax: +94 11 2 639 819
Registrars to the Issue	**Bankers to the Issue**
S S P Corporate Services (Private) Limited 101, Inner Flower Road, Colombo 03, Sri Lanka. Tel: +94 11 2 573 894 Fax: +94 11 2 573 609	Union Bank of Colombo PLC No. 64, Galle Road, Colombo 03 Tel: +94 11 2 374 100 Fax: +94 11 2 337 818

Branch Network of Union Bank of Colombo PLC

Copies of the Application Form can be obtained free of charge from all branches/customer centres of Union Bank of Colombo PLC.

Trading Participants of the CSE

HNB Stockbrokers (Private) Limited No. 53, Dharmapala Mawatha, Colombo 03. Tel: +94 11 2 206 206 Fax: +94 11 2 206 298-9 E-mail: sales@acuitystockbrokers.com	**Asha Securities Limited** No.60, 5th Lane, Colombo 03. Tel: +94 11 2 429 100 Fax: +94 11 2 429 199 E-mail: asl@ashasecurities.net
Asia Securities (Private) Limited 4th Floor, Lee Hedges Tower, No.349, Galle Road, Colombo 03. Tel: +94 11 7 722 000 Fax: +94 11 258 4864 E-mail: inquiries@asiasecurities.lk	**Almas Equities (Private) Limited** Westin Tower, 5th Level, No 2 - 4/1, Lake Drive, Colombo 8. Tel: +94 11 707 1445 51 Fax: +94 11 2 673 908 E-mail: info@almasequities.com
Bartleet Religare Securities (Private) Limited Level "G", "Bartleet House" 65, Braybrooke Place, Colombo 02. Tel: +94 11 4 221 000 Fax: +94 11 2 434 985 E-mail: info@bartleetstock.com	**Capital Trust Securities (Private) Limited** 42, Mohamed Macan Markar Mawatha, Colombo 03. Tel: +94 11 2 174 174/ +94 11 2 174 175 Fax: +94 11 2 174 173 E-mail: inquiries@capitaltrust.lk
CT Smith Securities (Private) Limited 4-14, Majestic City, 10, Station Road, Colombo 04. Tel: +94 11 2 552 290-4 Fax: +94 11 2 552 289 E-mail: info@ctsmith.lk	**First Capital Equities (Pvt) Limited** No.2, Deal Place, Colombo 03. Tel: +94 11 2 639 898 / +94 11 2 651 651 Fax: +94 11 2 576 866 / +94 11 2 639 899 E-mail: equity@firstcapital.lk
J B Securities (Private) Limited No. 150, St. Joseph Street, Colombo 14. Tel: +94 11 2 490 900 Fax: +94 11 2 430 070 E-mail: jbs@jb.lk	**John Keells Stockbrokers (Private) Limited** 186, Vauxhall Street, Colombo 02. Tel: +94 11 2 306 250 Fax: +94 11 2 342 068 E-mail: jkstock@keells.com

Lanka Securities (Private) Limited 3rd Floor," M2M Veranda Offices", No34, W.A.D. Ramanayeke Mawatha, Colombo 2. Tel: +94 11 4 706 757, +94 11 2 554 942 Fax: +94 11 4 706 767 E-mail: info@lankasec.com	**Nation Lanka Equities (Private) Limited** No. 44, Guildford Crescent, Colombo 07. Tel: +94 11 789 8302 Fax: E-mail: info@nlequities.com
NDB Securities (Private) Limited Level 2, NDB Capital Building, No. 135, Bauddhaloka Mawatha, Colombo 04. Tel: +94 11 2 131 000 Fax: +94 11 2 314 181 E-mail: mail@ndbs.lk	**SC Securities (Private) Limited** 5thFloor, No. 26B, Alwis Place, Colombo 03. Tel: +94 11 4 711 000/ / +94 11 4 711 001 Fax: +94 11 2 394 405 E-mail: itdivision@sampathsecurities.lk
Somerville Stockbrokers (Private) Limited No. 410/95,1/1, Bauddhaloka Mawatha, Colombo 7 Tel: +94 112 502 858 / +94 112 502 862 Fax: +94 11 2 502 852 E-mail: contact@somerville.lk	**SEYLAN BANK PLC** Level 3, Seylan Towers, 90, Galle Road, Colombo 03. Tel: +94 11 245 6300 Fax: +94 11 245 2215 E-Mail: info@seylan.lk
Softlogic Stockbrokers (Private) Limited Level 16, One Galle Face Tower, Colombo 02. Tel: +94 11 7 277 000 Fax: +94 11 7 277 099 E-mail: info@softlogicstockbrokers.lk	**Capital Alliance Securities (Private) Limited** Level 5, “Millennium House” 46/58, Navam Mawatha, Colombo 02. Tel: +94 11 2 317 777 Fax: +94 11 2 317 788 Email: info@cal.lk
Senfin Securities Limited 4th Floor, No.180, Bauddhaloka Mawatha, Colombo 04. Tel: +94 11 2 359 100 Fax: +94 11 2 305 522 E-mail: info@senfinsecurities.com	**First Guardian Equities (Private) Limited** 32nd Floor, East Tower, World Trade Centre, Colombo 01. Tel: +94 11 446 4400 Fax: E-mail: info@fge.lk

ACAP Stock Brokers (Private) Limited No. 46/46, 7th Floor, Greenlanka Towers, Nawam Mawatha, Colombo 02. Tel: +94 117 564 000 Fax: +94 112 331 756 E-mail: info@acapstockbrokers.lk	**Ambeon Securities (Private) Limited** 2nd Floor, No. 10, Gothami Road, Colombo 08. Tel: +94 11 5 328 200 / +94 11 5 328 100 Fax: +94 11 5 328 177 E-mail: info@ambeonsecurities.lk
LOLC Securities (Private) Limited No.481, T.B. Jayah Mawatha, Colombo 10. Tel: +94 11 5 889 889 Fax: +94 11 2 662 883 E-mail: info@lolcsecurities.com	**Richard Pieris Securities (Pvt) Limited** No 310, Highlevel Road, Nawinna, Maharagama. Tel: +94 11 4 310 500 Fax: +94 11 2 802 385 E-mail: communication@rpsecurities.com
Enterprise Ceylon Capital (Private) Limited 2nd Floor-4B, Liberty Plaza, 250, R. A. De Mel Mawatha, Colombo 3 Tel: +94 11 2 445 644/ +94 112 301 861 Fax: - E-mail: info@ecc.lk	**Nestor Stock Brokers (Private) Limited** No. 428, 2/1, R.A. De Mel Mawatha, Colombo 3. Tel: +94 11 475 8813 Fax: +94 11 2 550 100 E-mail: info@nestorstockbrokers.lk
ACAP Stock Brokers (Private) Limited No. 46/46, 7th Floor, Greenlanka Towers, Nawam Mawatha, Colombo 02. Tel: +94 117 564 000 Fax: +94 112 331 756 E-mail: info@acapstockbrokers.lk	**Ambeon Securities (Private) Limited** 2nd Floor, No. 10, Gothami Road, Colombo 08. Tel: +94 11 5 328 200 Fax: +94 11 5 328 177 E-mail: info@ambeonsecurities.lk
Capital Alliance PLC Level 5, "Millenium House" 46/58, Nawam Mawatha, Colombo 02. Tel: +94 11 2 317 777 Fax: +94 11 2 317 788 E-Mail: info@cal.lk	**Wealthtrust Securities Limited** No. 102/1, Dr. N.M. Perera Mawatha, Colombo 8. Tel: +94 11 2 675 091 – 4 Fax: +94 11 2 689 605 E-Mail: info@wealthtrust.lk

ACS Capital (Private) Limited No. 44, Guildford Crescent, Colombo 07. Tel: +94 11 7 898 302 E-Mail: info@acscapital.lk	

ANNEXURE III - CUSTODIAN BANKS

Bank of Ceylon1 (Head Office) 11th Floor, 04, Bank of Ceylon Mawatha, Colombo 01 T: +94 11 2 204 064	**Citi Bank, N A** 65 C, Dharmapala Mawatha, Colombo 07 T: +94 11 4 794 733
Commercial Bank of Ceylon PLC Commercial House, 21, Sir Razik Fareed Mawatha, Colombo 01 T: +94 11 2 486 000/ +94 11 4 486 000/ +94 11 7 486 000/ +94 11 5 486 000	**Deutsche Bank AG** 86, Galle Road, Colombo 03 T: +94 11 2 447 062, 2 438 057
Hatton National Bank PLC HNB Towers, 479, T. B. Jayah Mawatha, Colombo 10 T: +94 77 7 712 406	**The Hong Kong and Shanghai Banking Corporation Limited** 24, Sir Baron Jayathilake Mawatha, Colombo 01 T: +94 11 2325435, 2446591, 2446303
People's Bank (Head Office) People's Tower, Treasury Front Office, No. 374, Dr. Colvin R. de Silva Mawatha, Colombo 02 T: +94 11 2 206 782	**Standard Chartered Bank** 37, York Street, Colombo 01 T: +94 11 2 480 450
Sampath Bank PLC 110, Sir James Peiris Mawatha, Colombo 02 T: +94 11 5 331 458, +94 11 4 730 662	**State Bank of India** 16, Sir Baron Jayathilake Mawatha, Colombo 01 T: +94 11 4 622 350
Seylan Bank PLC Level 8, Ceylinco Seylan Towers, 90, Galle Road, Colombo 03 T: +94 11 4 701 812, +94 11 4 701 819	**Union Bank of Colombo PLC** 64, Galle Road, Colombo 03 T: +94 11 2 374 205
Nations Trust Bank PLC 256, Sri Ramanathan Mawatha, Colombo 15 T: +94 11 4 313 131	**Pan Asia Banking Corporation PLC (Head Office)** 450, Galle Road, Colombo 03 T: +94 11 2 565 565
National Development Bank PLC No.40, Navam Mawatha, Colombo 02 T: +94 (0) 11 2 448 448	**DFCC Bank PLC** No.73/5, Galle Road, Colombo 03. T: +94 112 442 031

ANNEXURE IV – FATCA DECLARATION

Manager

Union Bank of Colombo PLC

……

I/We……

……..and……

……..of.....

(address)……holder/s of Passport Number/ NIC Number…….. who fall under definition of a US Persons under the provision of the Foreign Account Tax Compliance Act ("FATCA") which is a US legislation aimed at preventing tax evasion by US persons through overseas assets. I/We confirm that I/We understand FATCA is extraterritorial by design and requires "US Persons" to report their financial assets held overseas.

I/We hereby request Union Bank of Colombo PLC which is recognized as a Foreign Financial Institutions (FFIs) in terms of the FATCA to report all information pertaining to the accounts and investments held by me/us in the Union Bank of Colombo PLC and to remit any tax payable to the Internal Revenue Services (IRS) of the United States of America. I/We further confirm that this request is made by me/us with full knowledge and understanding of FATCA.

Date:…… ……

Signature/s of Applicants