DFCC BANK
Keep Growing

BASEL III COMPLIANT

DEBENTURE ISSUE 2026

PROSPECTUS



MANAGERS TO THE ISSUE

CAL

STRUCTURING PARTNER TO THE ISSUE

DFCC BANK
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DFCC BANK PLC

PROSPECTUS

AN ISSUE OF UP TO ONE HUNDRED AND TWENTY-FIVE MILLION (125,000,000) BASEL III COMPLIANT, TIER 2, LISTED, RATED, UNSECURED, SUBORDINATED, REDEEMABLE 5 YEAR (2026/2031) DEBENTURES WITH NON-VIABILITY CONVERSION FEATURE ('DEBENTURES') EACH OF THE PAR VALUE OF SRI LANKAN RUPEES ONE HUNDRED (LKR 100/-) BY DFCC BANK PLC TO RAISE UP TO A MAXIMUM AMOUNT OF SRI LANKAN RUPEES TWELVE BILLION FIVE HUNDRED MILLION (LKR 12,500,000,000/-).

TO BE LISTED ON THE
COLOMBO STOCK EXCHANGE
(SUBJECT TO THE COMPLIANCE WITH THE CSE LISTING RULES AT THE TIME OF LISTING)

INSTRUMENT RATED 'BBB+(lka)' BY FITCH RATINGS LANKA LIMITED

ISSUE OPENS ON
11TH SEPTEMBER 2026

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

MANAGERS TO THE ISSUE

STRUCTURING PARTNER TO THE ISSUE

PROSPECTUS

This Prospectus is dated 3rd September 2026

The Colombo Stock Exchange (CSE) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for accuracy of the statements made, opinions expressed, omitted statements, reports included or undisclosed information in this Prospectus. Moreover, the CSE does not regulate the pricing of 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.

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

If you are in a doubt regarding the contents of this document or of you require any clarification or advice in this regard, you should consult the Managers to the Issue, your stockbroker, lawyer or any other professional advisor.

IMPORTANT

By acquiring any Debentures, each Debenture Holder irrevocably consents to the Principal Amount of the Debentures 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 affected by the Bank.

Upon a Non-Viability Conversion;

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

ii. **The Trust Deed shall impose no duties upon the Trustees whatsoever with respect to conversion of the Debentures into Ordinary Voting Shares upon a Trigger Event.**

iii. **Upon the occurrence of a Trigger Event, each outstanding Debentures 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 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 Debentures into Ordinary Voting Shares. A Qualified Investor will be deemed paid in full the principal plus accrued and unpaid interest due on the 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 Debentures and can be variable.

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

Each potential Qualified Investor in these Debentures must determine the suitability of 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 investor:

i. Has sufficient knowledge and experience to make a meaningful evaluation of these Debentures, the merits and risks of investing in the 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 Debentures and the impact the 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 Debentures;

iv. Understands thoroughly the terms of these Debentures, including the provisions relating to the Non-Viability Conversion of the 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 Qualified Investor should not invest in these Debentures unless the Qualified Investor has the expertise (either alone or with its financial and other professional advisors) to evaluate how the Debentures will perform under changing conditions, the resulting effects on the value of the Debentures and the impact this investment will have on the potential Qualified Investor's overall investment portfolio.

Responsibility for the Content of the Prospectus

This Prospectus has been prepared by the Managers to the Issue, Capital Alliance Partners Limited on behalf of DFCC Bank PLC (hereinafter referred to as "the Bank") based on available information.

The Directors of DFCC Bank PLC 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 Debentures issued including the risks associated.

For enquiries, please contact the Managers to the Issue, Capital Alliance Partners Limited.

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 Structuring Partner to the Issue for the inclusion of their names in the Prospectus as Structuring Partner to the Issue.
i) The written consent of the Managers to the Issue for the inclusion of their names in the Prospectus as Managers to the Issue.
j) 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, Structuring Partner to the Issue, Managers to the Issue, Registrars to the Issue, Lawyers to the Issue and Rating Agency to the Issue and to the Bank have not, before the delivery of a copy of the Prospectus for registration with the Registrar of Companies in Sri Lanka withdrawn such consent.

Submission of the Prospectus to the Securities and Exchange Commission of Sri Lanka

A copy of the Prospectus has been delivered to the Securities and Exchange Commission of Sri Lanka prior in compliance with Section 82(2) of the Securities and Exchange Commission of Sri Lanka Act No.19 of 2021.

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 Qualified Investors may be affected by the laws of the jurisdiction of their residence. Such Qualified 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 Debentures are issued solely on the basis of the information contained and representations made in this Prospectus. No dealer, sales person, 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 Lankan 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 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 Debentures are required to be directly deposited in to 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 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 DEBENTURE CERTIFICATES WILL NOT BE ISSUED. HOWEVER, PLEASE NOTE THAT UPON THE ALLOTMENT OF DEBENTURES UNDER THIS ISSUE, THE ALLOTTED 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 Participant of the CSE as set out in Annexure II or through any Custodian Bank as set out in Annexure III of this Prospectus.

OFFER AT A GLANCE

<table>
<tr><td>Issuer</td><td>DFCC Bank PLC</td></tr>
<tr><td>Instrument</td><td>Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5 Year (2026/2031) Debentures with Non-Viability Conversion Feature</td></tr>
<tr><td>Listing</td><td>The Debentures will be listed on the Colombo Stock Exchange</td></tr>
<tr><td>Number of Debentures to be Issued</td><td>An Issue of up to One Hundred and Twenty-Five Million (125,000,000) Debentures</td></tr>
<tr><td>Amount to be Raised</td><td>A maximum sum of Sri Lankan Rupees Twelve Billion Five Hundred Million (LKR 12,500,000,000/-).</td></tr>
<tr><td>Entity Rating</td><td>‘A(lka)/ Stable’ by Fitch Ratings Lanka Limited</td></tr>
<tr><td>Issue Rating</td><td>'BBB+(lka)' by Fitch Ratings Lanka Limited</td></tr>
<tr><td>Trading Currency</td><td>Sri Lankan Rupees</td></tr>
<tr><td>Issue Price</td><td>LKR 100/- (Sri Lankan Rupees One Hundred) per Debenture</td></tr>
<tr><td>Par Value</td><td>LKR 100/- (Sri Lankan Rupees One Hundred) per Debenture</td></tr>
<tr><td>Tenor</td><td>5 Years (2026/2031)</td></tr>
<tr><td>Interest Rates</td><td>
<table>
<tr><th>Tenor</th><th>Type of Interest</th><th>Interest Rate (per annum)</th><th>Interest Payment Frequency</th><th>Annual Effective Rate (AER)</th></tr>
<tr><td>5 Years</td><td>Fixed</td><td>13.00%</td><td>Annually</td><td>13.00%</td></tr>
</table>
</td></tr>
<tr><td>Minimum Subscription</td><td>Applicants are allowed to invest in Debentures subject to the minimum subscription under each investor category as given below.

The Minimum Subscription requirement applicable for a Qualified Investor applying for debt Securities shall be Sri Lankan Rupees Ten Thousand (LKR 10,000/-).

Provided however, the Minimum Subscription requirement applicable for an Individual Qualified Investor applying for BASEL III Compliant Debt Securities shall be Sri Lankan Rupees Five Million (LKR 5,000,000/-).

Any Application in excess of the Minimum Subscription requirement shall be in multiples of Sri Lankan Rupees Ten Thousand (LKR 10,000/-).</td></tr>
<tr><td>Issue Opening Date</td><td>11th September 2026</td></tr>
<tr><td>Interest Payment Date(s)</td><td>The dates on which payments of interest in respect of the Debentures shall fall due, which shall be Twelve (12) months from the Date of Allotment and every Twelve (12) months therefrom of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.

Interest would be paid not later than Three (03) Working Days from each Interest Payment Date (Excluding such Interest Payment Date).

The final interest payment will be paid together with the Principal Sum within Three (03) Working Days from the Date of Redemption (Excluding the Date of Redemption).</td></tr>
</table>

Interest Period	The Twelve (12) months 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	Where accurate bank account details are provided by the Debenture Holders, through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as SLIPS/CEFTS and RTGS, subject to the prevalent limitation with regard to SLIPS/CEFTS and RTGS or where the bank account details are not provided to the CDS or the details being inaccurate, by crossed cheque marked "Account Payee Only", at the risk of the Debenture Holder.
Closure Date of the Subscription List	Subject to the provisions contained below, the Subscription List for the Debentures will open at 9.30 am on 11th September 2026 and will remain open for Fourteen (14) Market Days including the Issue Opening Date until closure at 4.30 pm on 30th September 2026. However, the Subscription List will be closed on an earlier date at 4.30 pm with notification to the CSE on the occurrence of the maximum of One Hundred and Twenty-Five Million (125,000,000) Debentures being fully subscribed. In the event the Board of Directors of the Bank decides to close the Issue without the full subscription of the issue of One Hundred and Twenty-Five Million (125,000,000) Debentures, such decision is to be notified to the CSE on the day such decision is made and the Subscription List will be closed on the following Market Day at 4.30 pm. Please refer Section 5.2 of this Prospectus for more information.
Date of Allotment	The date on which the Debentures will be allotted by the Bank to Applicants subscribing thereto.
Basis of Allotment	In the event of an oversubscription, as authorized by the Board of Directors of the Bank, the CEO or in his absence by the Deputy CEO or the SVP Treasury and Investment Banking of the Bank, will endeavor to decide the Basis of Allotment of the Debentures in a fair and equitable manner within Seven (07) Market days from the closure of the Issue (Refer Section 6.7). **The Board however shall reserve the right to allocate up to a maximum of 76% of the Number of Debentures to be allotted under this Prospectus on a preferential basis, to identified Qualified Investor/s of strategic importance with whom the Bank might have mutually beneficial relationships in the future as future investors.** Number of Debentures to be allotted to identified Qualified Investor/s of strategic and operational importance, on a preferential basis or otherwise will not exceed 76% of the total number of Debentures to be issued under this Prospectus under any circumstances, unless there is an undersubscription from the other Qualified investors (Qualified Investors that do not fall under preferential category). In the event of such

	undersubscription from the other Qualified Investors, such other Qualified Investor category to be allotted in full and any remaining Debentures to be allotted to identified Qualified Investor/s. The allotment of Debentures as above will be done subject to the provisions in 3.3.5 (ii) of the CSE Listing Rules.
Maturity Date	On completion of Five (5) years from the Date of Allotment, or on such earlier date on which the Debentures are redeemed or become payable in terms of the Trust Deed.
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 the Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No. 01 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.
Non-Viability Conversion	In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Central Bank of Sri Lanka, there would be a conversion of Debentures to Ordinary Voting Shares by the Bank without any requirement of approval by the Debenture Holders, in compliance with Basel III requirements. Upon the occurrence of a Trigger Event, the outstanding balance of the Debentures including the total Par Value of the 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 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 (03) months period, immediately preceding the date of the Trigger Event.
Volume Weighted Average Price (VWAP)	The daily Volume Weighted Average Price (VWAP) of an Ordinary Voting Share as published by the Colombo Stock Exchange.

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1.0 CORPORATE INFORMATION

Name of the Issuer	DFCC Bank PLC
Legal Form	A quoted public company with limited liability established by DFCC Bank Act No. 35 of 1955 and with the enactment of the DFCC Bank (Repeal and Consequential Provisions) Act No. 39 of 2014, incorporated under the Companies Act No. 07 of 2007 with the name 'DFCC Bank PLC' with effect from 6th January 2015. A licensed commercial bank under the Banking Act No. 30 of 1988.
Company Registration Number	PQ 233
Place of Incorporation	Colombo, Sri Lanka
Registered Address	DFCC Bank PLC No. 73/5, Galle Road, Colombo 03. Tel: +94 11 2 442 442 Fax: +94 11 2 440 376 E-mail: care@dfccbank.com Website: www.dfcc.lk
Company Secretary	Ms. Nimali Ranaraja DFCC Bank PLC No. 73/5, Galle Road Colombo 03 Tel: +94 11 2 442 540 Fax: +94 11 2 440 376
Rating Agency	Fitch Ratings Lanka Limited No.15-04, East Tower, World Trade Centre, Colombo 01. Tel: +94 11 2 541 900 Fax: +94 11 2 541 903
Auditors	Messrs. Ernst & Young Chartered Accountants, Rotunda Towers, No. 109, Galle Road, P.O. Box 101, Colombo 03. Tel: +94 11 2 463 500 Fax: +94 11 2 697 369
Board of Directors	Mr. J. Durairatnam — Chairman and Independent Non-Executive Director Mr. N. H. T. I. Perera — Chief Executive Officer and Executive Director Mr. S. J. M. Marcelline — Deputy Chief Executive Officer and Executive Director Ms. L. K. A. H. Fernando — Independent Non-Executive Director Mr. N. K. G. K. Nemmawatta — Independent Non-Executive Director Mr. H. A. J. de S. Wijeyeratne — Independent Non-Executive Director Mr. N. Vasantha Kumar — Independent Non-Executive Director Ms. A. L. Thambiayah — Independent Non-Executive Director Mr. P. A. Jayatunga — Non-Independent Non-Executive Director Mr. I. A. Wickramasinghe — Independent Non-Executive Director Ms. A. K. Moonesinghe — Independent Non-Executive Director

2.0 RELEVANT PARTIES TO THE ISSUE

Structuring Partner to the Issue	**Treasury and Investment Banking Unit - DFCC Bank PLC** No. 73/5, Galle Road, Colombo 03. Tel: +94 11 2 442 442 Fax: +94 11 2 440 376
Managers to the Issue	**Capital Alliance Partners Limited** 6th Floor, M2M Veranda Offices, No. 34, W. A. D. Ramanayake Mawatha, Colombo 02. Tel: +94 11 2 317 777 Fax: +94 11 2 317 788
Lawyers to the Issue	**Nithya Partners** Attorneys-at-Law No. 97A, Galle Road, Colombo 03. Tel: +94 11 4 712 625 Fax: +94 11 2 328 817
Registrars to the Issue	**S S P Corporate Services (Private) Limited** No. 101, Inner Flower Road, Colombo 03 Tel: +94 11 2 573 894 Fax: +94 11 2 573 609
Trustee to the Issue	**People's Bank** No. 75, Sir Chittampalam A. Gardiner Mawatha, Colombo 02. Tel: +94 11 2 481 481 Fax: +94 11 2 458 842
Company Secretary	**Ms. Nimali Ranaraja** DFCC Building, No. 73/5, Galle Road, Colombo 03 Tel: +94 11 2 442 540 Fax: +94 11 2 440 376
Rating Agency to the Issue	**Fitch Ratings Lanka Limited** No. 15-04, East Tower, World Trade Centre, Colombo 01. Tel: +94 11 2 541 900 Fax: +94 11 2 541 903
Bankers to the Issue	**DFCC Bank PLC** No. 73/5, Galle Road, Colombo 03. Tel: +94 11 2 442 442 Fax: +94 11 2 440 376
Auditors and Reporting Accountants to the Issue	**Messrs. Ernst & Young** Chartered Accountants, Rotunda Towers, No. 109, Galle Road, Colombo 03. Tel: +94 11 2 463 500 Fax: +94 11 2 697 369

3.0 LIST OF ABBREVIATIONS

AER	Annual Effective Rate
AWPLR	Average Weighted Prime Lending Rate
CAR	Capital Adequacy Ratio
CBSL	Central Bank of Sri Lanka
CDS	Central Depository Systems (Pvt) Limited
CEFTS	Common Electronic Fund Transfers Switch
CSE	Colombo Stock Exchange
DFCC/ Issuer/ Bank	DFCC Bank PLC
FATCA	Foreign Account Tax Compliance Act
IIA	Inward Investment Account
NIC	National Identity Card
POA	Power of Attorney
Rs. / LKR	Sri Lankan Rupees
RTGS	Real Time Gross Settlement
SEC	Securities and Exchange Commission of Sri Lanka
SLIPS	Sri Lanka Inter-bank Payment System
VWAP	Volume Weighted Average Price

4.0 GLOSSARY OF TERMS RELATED TO THE ISSUE

Applicant/s	Any Qualified Investor(s) 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 Debentures in Issue.
Bank/ Issuer	DFCC Bank 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).
Board/Board of Directors/ Directors	The Board of Directors of DFCC Bank PLC
Closure Date	The date of Closure of the Subscription List as set out in 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 (03) months period, immediately preceding the date of the Trigger Event.
Date of Allotment	The date on which the Debentures will be allotted by the Bank to Applicants subscribing thereto.
Date of Redemption	The date on which Redemption of the Debentures will take place as referred to in Section 5.6 of this Prospectus.
Debentures	Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5 Year (2026/2031) Debentures with Non-Viability Conversion Feature, to be issued pursuant to this Prospectus.
Debenture Holder(s)	Any Qualified Investor(s) who is for the time being the holder of the Debentures and his/her/respective heirs, executors, administrators, or successors in title, as the case may be.
Entitlement Date	The Market Day immediately preceding the respective Interest Payment Date or Date of Redemption on which a Debenture Holder would need to be recorded as being a Debenture Holder on the list of Debenture Holders provided by the CDS to the Bank in order to qualify for the payment of any interest or any Redemption proceeds.
Interest Payment Date(s)	The dates on which payments of interest in respect of the Debentures shall fall due, which shall be Twelve (12) months from the Date of Allotment and every Twelve (12) months therefrom of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption. Interest would be paid not later than Three (03) Working Days from each Interest Payment Date (Excluding such Interest Payment Date). The Final interest payment will be paid together with the Principal Sum within Three (03) Working Days from the Date of Redemption (Excluding the Date of Redemption).
Interest Period	The Twelve (12) months 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 Debentures to Qualified Investors pursuant to this Prospectus.
Issue Price	LKR 100/- per each Debenture
Market Day	Any day on which trading takes place at the CSE
Non-Resident(s)	Persons referred to in item(a) of Part 1 of the Schedule to the Foreign Exchange (Classes of Capital Transaction undertaken in Sri Lanka by persons resident outside Sri Lanka) Regulation No. 02 of 2021 which includes foreign institutional investors including country funds, regional funds or mutual funds, corporate bodies incorporated outside Sri Lanka, citizens of foreign states whether resident in Sri Lanka or outside Sri Lanka and Sri Lankans resident 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 Debentures to Ordinary Voting Shares by the Bank without any requirement of approval by the Debenture Holders in compliance with Basel III requirements. Upon the occurrence of a Trigger Event, the outstanding balance of the Debentures including the total Par Value of the Debentures and Debenture interest accrued and unpaid (if any) as at that date will be permanently converted to Ordinary Voting Shares at the Conversion Price. In the event of any Debenture Holder being entitled to a fractional allotment of an Ordinary Voting Share on such issuance and allotment, the Bank shall settle such sums in cash, based on the issue price of such share.
Par Value	LKR 100/- per each Debenture
Principal Sum	The product of the number of Debentures allotted and the Par Value
Prospectus	This Prospectus dated 3rd September 2026 issued by DFCC Bank PLC
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/-
Redemption	Repayment of the Principal Sum and unpaid and accrued interest (if any) with regard to a Debenture to a Debenture Holder by the Bank

Registered Address	When used in relation to a Debenture Holder means the address provided by the Debenture Holders to the CDS
Subordinated	Means the claims of the Debenture Holders shall in the event of winding up of the Bank rank after all the secured and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank but shall rank pari passu with other Basel III subordinated debenture holders/ Basel III GSS+ bond holders and in priority to and over the claims and rights of the Shareholder/s of the Bank **unless there has been an issuance of shares to the Debentures Holders upon the occurrence of a Trigger Event in which event a Debenture Holder would cease to be a Debenture Holder and become a shareholder of the Bank to the extent of such issuance.**
Tier 2	Tier 2 Capital includes qualifying Tier 2 capital instruments, qualifying revaluation gains approved by CBSL and qualifying general loan loss provision of the Bank as per Banking Act No. 01 of 2016 and interpretations issued there under.
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 the Web Based Return Code 20.2.3.1.1.1 of the Banking Act Direction No. 01 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	People's Bank
Trust Deed	Trust Deed executed between the Bank and People's Bank on 20th August 2026
Unsecured	Repayment of the Principal Sum and payment of interest on the 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
Working Day	Any day (other than a Saturday or Sunday or any statutory or bank holiday) on which the banks are open for business in Sri Lanka

5.0 PRINCIPAL FEATURES OF THE DEBENTURES

5.1 INVITATION TO SUBSCRIBE

The Board of Directors of DFCC Bank PLC (hereinafter referred to as the "Board") at the Board Meeting held on 24th February 2026 resolved to raise a sum of up to Sri Lankan Rupees Fifteen Billion (LKR 15,000,000,000/-) by an issue of up to One Hundred and Fifty Million (150,000,000) Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures, each with a Par Value of LKR 100/- , to be issued in one or more tranches at the discretion of the Board of Directors.

As such, the Bank has decided to raise a maximum amount of Sri Lankan Rupees Twelve Billion Five Hundred Million (LKR 12,500,000,000/-) by the issue of a maximum of One Hundred and Twenty-Five Million (125,000,000) Debentures each with the Par Value of LKR 100/-.

DFCC Bank PLC hereby invites Qualified Investors to make Applications for the Debentures which will rank equal and *pari passu* in all respects as more fully described in Section 5.4 of this Prospectus.

The rights of the 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* with other Basel III subordinated debenture holders/ Basel III GSS+ bond holders and in priority to and over the rights of any Shareholder/s of the Bank. However, if there has been an issuance of shares to the Debenture Holders upon the occurrence of a Trigger Event a Debenture Holder would cease to be 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 shareholders.

The Bank has obtained the approval of its shareholders through the special resolution passed at the Extraordinary General Meeting held on 31st March 2026 for the issuance of Ordinary Voting Shares in the event of a non-viability conversion upon the occurrence of a Trigger Event.

It is the intention of the Bank to list the Debentures on the Colombo Stock Exchange. The CSE has given its in principle approval for the listing of the Debentures and any Ordinary Voting Shares which would be issued upon the occurrence of a Trigger Event on the CSE. However, the CSE reserves the right to withdraw such approval, in the circumstances set out in Rule 2.3(b) of the Listing Rules of the CSE.

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

5.2 SUBSCRIPTION LIST AND CLOSURE DATE

Subject to the provisions contained below, the subscription list for the Debentures will open at 9.30 am on 11th September 2026 and will remain open for Fourteen (14) Market Days including the Issue Opening Date until closure at 4.30 pm on 30th September 2026.

However, the Subscription List will be closed on an earlier date at 4.30 pm with notification to the CSE on the occurrence of the maximum of One Hundred and Twenty-Five Million (125,000,000) Debentures being fully subscribed.

In the event the Board of Directors of the Bank decides to close the Issue without the full subscription of the issue of One Hundred and Twenty-Five Million (125,000,000) Debentures, such decision is to be notified to the CSE on the day such decision is made and the Subscription List will be closed on the following Market Day at 4.30 pm.

5.3 OBJECTIVES OF THE ISSUE & SPECIFIC RISK RELATING TO THE OBJECTIVES OF THE ISSUE

The primary objectives of the Issue of the Debentures are as follows.

1) STRENGTHEN THE TIER 2 CAPITAL BASE OF THE BANK AS PER BASEL III REQUIREMENTS

The funds raised through this Debenture Issue are expected to improve the Bank's Capital Adequacy. The Subordinated nature of the medium to long term Debentures, which will be issued in compliance with Basel III requirements and include a Non-Viability Conversion feature will qualify as Tier 2 Capital subject to CBSL approval. This will enable the Bank to strengthen the Tier 2 Capital Base as per Basel III requirements and maintain its Capital Adequacy at satisfactory levels.

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

The Bank has complied with the CBSL direction on Basel III minimum Capital Adequacy requirement as at 30th June 2026. The minimum Capital Adequacy requirements under Basel III as prescribed by CBSL are as follows;

Components of Capital	Minimum Regulatory Requirement	Bank's Actual Position as at 30th June 2026*
Common Equity Tier 1 capital with Buffers	7.00%	11.95%
Total Tier 1 capital with Buffers	8.50%	11.95%
Total Capital Adequacy Ratio (Tier 1 + Tier 2) with Buffers	12.50%	15.71%

*Unaudited

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

Minimum CAR requirement to be maintained as at 30th June 2026 as per the Banking Act Direction No. 01 of 2016 (as amended)	Current CAR of the Bank as at 30th June 2026*	CAR position of the Bank as of 30th June 2026, in the event the Debenture Issue, which has a convertible feature in compliance with Basel III requirement, had been completed by that date*
		LKR 12.5 Bn
12.50%	15.71%	18.00%

*Unaudited

Further, the Bank is required to obtain shareholder approval by way of a Special Resolution for the issuance of Ordinary Voting Shares which may be occasioned by the occurrence of a 'Trigger Event' in relation to the Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with Non-Viability Conversion Feature. In accordance with Rule 2.2.1 (p) of the CSE Listing Rules, the Bank has obtained the Shareholder approval by way of a Special Resolution at the Extraordinary General Meeting of the Bank held on 31st March 2026 for the issuance of the said Debentures. Furthermore, the Bank has also obtained relevant approvals from CSE.

While the Bank currently maintains a CAR above the minimum regulatory requirement, the rationale for issuing a fresh Debenture is to strengthen the Bank's capital position in light of business expansion and the impending maturity of existing Tier 2 Debentures. As a result of the Bank's loan book growth, the Bank's CAR has gradually declined in recent years and is expected to decline further by December 2026 under the Basel III framework. Accordingly, the Bank considers it prudent to maintain its CAR at a level comfortably above the minimum requirement to support the anticipated growth in its asset base.

2) TO SUPPORT THE BANK'S BALANCE SHEET GROWTH BY GROWING THE LOANS AND ADVANCES PORTFOLIO AND/OR INVESTING IN SRI LANKA GOVERNMENT SECURITIES

The Bank intends to fully utilize the funds generated through the Debenture Issue to grow the Bank's Balance Sheet. The Bank may do so by growing the loans and advances portfolio through its general lending products for financing purposes (not refinancing) in the ordinary course of business, based on the prevailing credit demand, or by investing in Sri Lanka Government Securities.

Based on the past performance of the lending growth, Bank is confident of utilizing the funds generated through the Issue as stated within a period of 18 months. The monthly average growth in loans and advances during the quarter ended 30th June 2026 was approximately LKR 8.36 billion (Unaudited).

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 the directives issued by CBSL. Please refer to Section 8.2 for the composition of the Related Party Transactions Review Committee as at the date of Prospectus.

The objectives of the Debenture Issue do not fall within the definition of a Major Transaction in terms of Section 185 of the Companies Act No. 7 of 2007, as amended.

Specific Risks Relating to the Objectives of the Debenture Issue

The dependence on the proceeds of the Debenture Issue to achieve the stated objectives is marginal, as the Bank in the ordinary course of business, has access to multiple sources of funding including various types of deposits and borrowings.

The risk of undersubscription of the Debenture Issue will be greatly mitigated through appointing experienced Managers to the Issue, supported by pre-marketing initiatives and building a pipeline of potential Qualified Investors.

The Bank's portfolio of loans and advances recorded a growth of LKR 25.09 billion during the quarter ended 30th June 2026 (Unaudited). Accordingly, based on the Bank's historical performance and the growth achieved as at the date hereof, the Bank does not anticipate any specific risk factors that may lead to non-achievement of expanding the Bank's loans and advances portfolio within the specified timeline through the utilisation of the proceeds of the Issue, up to a maximum amount of LKR 10 billion.

It is expected that the proceeds of the Debenture Issue will be fully allocated within a period of eighteen (18) months from the Date of Allotment. In the highly unlikely event that the Bank is unable to allocate the proceeds within this timeframe due to unforeseen circumstances and until funds are utilized upon receipt, such funds will be temporarily invested in Sri Lanka Government Securities at prevailing market rates maintained at the Bank. As at the date of the Prospectus, the yield on the 182-day Treasury Bill stood at 9.27%, while the yield on the 364-day Treasury Bill was 9.81%.

Utilization of Debenture Proceeds

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

Debenture Issue Proceeds Utilization as at (dd-mm-yyyy)

Objective No.	Objective as per Prospectus	Amount Allocated as per Prospectus in LKR	Proposed Date of Utilization as per Prospectus	Amount allocated upon the receipt of proceeds in LKR (A)	As a % of Total Proceeds	Amount Utilized in the objective in LKR (B)	% of Utilized Against Allocation (B/A)	Clarification if not fully utilized (whether the funds are deposited in a bank account/ lent to Related Party/any other investment etc.).	Objective Deviation from Prospectus (Yes/No)	Objective Deviation informed to the Market as per Appendix 8A	Details of Deviation	Board Approval Date for the deviation in objective/ confirmation on the full utilization of funds by the Board (Board resolution extract to be submitted)
1	Strengthen the Tier 2 Capital Base of the Bank as per Basel III Requirements	LKR 12.5 Bn	Immediately upon obtaining CBSL approval	To be disclosed in the Annual Report and the Interim Financial Statements								
2	To Support the Bank's Balance Sheet Growth by growing the loans and advances portfolio and/or investing in Sri Lanka Government Securities		Over a period of 18 months from the Date of Allotment	To be disclosed in the Annual Report and the Interim Financial Statements								

If un-utilized funds are lent to Related Parties:

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

Investments made using un-utilized funds:

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

In the event the funds raised through the Debenture Issue are fully utilized by the Bank in terms of the objectives disclosed in the Prospectus between two financial periods, the Bank 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 comply with the requirements stipulated under Continuous Listing Rules of the CSE specifically applicable to Debentures.

5.4 PAYMENT OF INTEREST

The Debentures carry a fixed rate of Interest, as specified below and will be payable on the respective Interest Payment Dates.

Tenor	Type of Interest	Interest Rate (per annum)	Interest Payment Frequency	Annual Effective Rate (AER)
5 years	Fixed	13.00%	Annually	13.00%

The interest rates have been determined giving consideration to the Bank's entity rating as Issuer, the instrument rating, prevailing market conditions and features of the instruments, including the "convertible feature" inherent in Basel III Compliant instruments.

Interest on the Debentures accruing on a daily basis will be paid annually 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.

The interest due on the 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 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 Debenture Holders holding Debentures in the CDS as of the Entitlement Date.

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 Debenture Holders up to the outstanding balance of such Debentures including the total Par Value of the Debentures and unpaid and accrued Debenture interest. As such upon issuance of Ordinary Voting Shares as above, no interest will be accrued on Debentures thereafter, **as the Debentures will cease to exist.**

Please refer to Section 5.5 below for details on taxes applicable for Debentures.

5.5 APPLICATION OF TAX ON INTEREST PAYMENTS

Interest on the Debentures will be paid, after deduction of any applicable taxes and charges (if any), in accordance with the laws and regulations prevalent at the time of such Interest payment to the Debenture Holders.

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

5.6 REDEMPTION OF DEBENTURES AND CONSEQUENCE OF A TRIGGER EVENT

Redemption of Debentures

Redemption of the Debentures will take place on the respective Date of Redemption as described below in for in accordance with the provisions of the Trust Deed. The Principal Sum and unpaid and accrued interest (if any) payable on the Redemption of 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.

These Debentures shall not be redeemed by the Bank prior to maturity for any reason whatsoever, except upon the occurrence of an Event of Default as contemplated under Clause 10.1 of the Trust Deed or with the prior written approval from the Central Bank of Sri Lanka and the approval of the Debenture Holders representing three fourth ($3/4^{th}$) in Par Value of the Debentures outstanding. The Debenture Holder shall not have any right or option to call for Redemption of the Debentures before the date of maturity of such Debenture.

However, in the event that a Trigger Event occurs prior to maturity, the Debentures shall be converted into Ordinary Voting Shares of the Bank, 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. 01 of 2016 of Web Based Return Code 20.2.3.1.1.1 (10) (iii) (a) and (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 of the CBSL".

Conversion Price

Outstanding balance of the Debentures including the total Par Value of the Debentures plus accrued and unpaid Debenture Interest (if any) as at the date, will be permanently 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 and the consequent conversion price would be fair and equitable to the Bank and to the existing shareholders.

If the prevailing Three (03) month 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 Debenture Holders. Alternately, where a higher Three (03) month

Volume Weighted Average Share Price prevails at the time of the Trigger Event it would result in a comparatively lower number of Ordinary Voting Shares being issued to Debenture Holders.

Issuance of Ordinary Voting Shares upon occurrence of a Trigger Event

Based on above conversion mechanism the outstanding balance of the Debentures including the total Par Value of Debentures plus accrued and unpaid Interest (if any) as at that date, will be permanently converted to Ordinary Voting Shares, which will be listed on the CSE. If a Trigger Event occurs and thereafter a Conversion to Ordinary Voting Shares takes place, the Debentures will cease to exist. In the event of any Debenture Holder being entitled to a fractional allotment of an Ordinary Voting Share on such issuance and allotment, the Bank shall settle such sums in cash, based on the issue price of such share.

The Non-Viability Conversion is beneficial for the Bank, as the conversion is perceived more positively by the potential Qualified Investors compared to a write-down. Furthermore, the Basel III regulations require the Bank to maintain robust capital levels to absorb losses during financial stress and conversion of the Debentures to Ordinary Voting Shares helps the Bank to meet such capital requirements more effectively than a write-down, which could be beneficial for the Bank and Qualified Investors in the long term.

Applicable Timelines

Upon the occurrence of the Trigger Event as determined by the Governing Board of the CBSL, 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 Debenture Holders as of the Trigger Date, up to the outstanding balance of such Debentures including the total Par Value of the Debentures and unpaid and accrued 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 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 CBSL 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 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 Debentures will be redeemed after 5 years from the Date of Allotment of such Debentures and the Principal Sum and unpaid and accrued interest (if any) payable on the Redemption of Debentures will be paid not later than Three (03) Working days from the Date of Redemption (Excluding the Date of Redemption), unless otherwise a Trigger Event' occurs as detailed above.

5.7 PAYMENT METHOD

The payment of Principal Sum and Interest will be made after deducting taxes at source, (if applicable) in Sri Lankan Rupees to the registered Debenture Holders only as of the Entitlement Date. In the case of joint Debenture Holders, the payment of Principal Sum and Interest will be made to the one whose name stands first in the register of Debenture Holders on the date of payment.

In the event accurate bank account details are provided to the CDS by the Debenture Holders, the payment of Principal Sum and interest shall be made to 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 Qualified Investor) or SLIPS/CEFTS. RTGS transfers however shall be accommodated only for amounts over and above the value of Sri Lankan Rupees Ten Million (LKR 10,000,000/-) which is the maximum that can be accommodated via SLIPS/CEFTS transfers.

If the 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 Debenture Holder will be made by issuing crossed cheques marked "Account Payee Only" and posted to the Debenture Holder (at the risk of such Debenture Holder) through registered post to the address registered with the CDS. Any payments shall be deemed to have been made on the Date of Redemption or the Interest Payment Date as the case may be if the cheques are dispatched not later than Three (3) Working Days from such date or the SLIPS/CEFTS transfer or the RTGS transfer is made not later than Three (3) Working Days from such date.

In the event of there being any delay in the Redemption of the Debentures or the payment of interest thereon due to a default by the Bank, the Company shall pay default interest at the Rate of Interest plus Two per centum (2.00%) per annum from the Date of Redemption or the Interest Payment Date as the case may be. (As per Clause 4.1 (a) (v) of the Trust Deed)

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

5.8 TRUSTEE TO THE ISSUE

Bank has entered into an agreement with People's Bank, who will act as Trustee to the Issue and who is in compliance with the requirements Rule 2.2.1 (n) (ii), (iii), (iv) and (v) of the CSE Listing Rules. 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 Debenture Holders.

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

The fee payable to the Trustee will be Sri Lankan Rupees Four Hundred Twenty-Five Thousand (LKR 425,000/-) per annum payable semi-annually exclusive of government taxes and levies. Trustee/its directors have no conflict of interest with the Bank, except that the Trustee is one of the Bank's rendering banking related services to the Bank.

In the event the People's Bank, subscribes to a substantial number of the Debentures, the Bank will make an immediate market announcement on same, specifying information on the number of Debentures subscribed by the Trustee.

5.9 RATING OF THE DEBENTURES

Fitch Ratings Lanka Limited has assigned a final National Long-Term Rating of 'BBB+(lka)' to these Debentures. A copy of the rating report is attached in Annexure I of this Prospectus.

'BBB' Ratings denote good credit quality and 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's entity rating as issued by Fitch Ratings Lanka Limited is 'A(lka)/Stable' as per the rating action commentary dated 8th September 2025.

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 Debentures.

5.10 RIGHTS AND OBLIGATIONS OF THE DEBENTURE HOLDERS

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

- Receive the interest on the Interest Payment Dates at the interest rates 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, subject to the provisions contained in this Prospectus regarding the occurrence of a Trigger Event.
- Call and attend meetings of 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 Debentures as set out in the Trust Deed.

In the event of the Bank winding up, the claims of the Debenture Holders will rank after all the claims of the secured and other unsecured creditors of the Bank and the preferential claims under any Statutes governing the Bank, but shall rank *pari passu* with other Basel III subordinated debenture holders/ Basel III GSS+ bond holders and in priority to and over the claims and rights of the shareholder/s of the Bank, unless there has been an issuance of shares to the Debenture Holders upon the occurrence of a Trigger Event in which case a Debenture Holder would cease to be a 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 Shareholders.

(b) 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.
- Convert the Debentures into Ordinary Voting Shares at their option.

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

5.11 BENEFITS OF INVESTING IN 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 Debentures issued by a leading Bank in Sri Lanka.
(d) Being listed on the CSE, the Debentures will have a secondary market subject to secondary market trading of these 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 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 DEBENTURES

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

(a) Interest Rate Risk

Provided all other factors are equal, the market price of the Debentures will generally fluctuate in the opposite direction to the fluctuation in market interest rates. Thus, the interest rate risk could be identified as the reduction in the market price of Debentures resulting from a rise in interest rates.

(b) Reinvestment Risk

Interest on the Debentures are payable annually. A Qualified Investor may choose to reinvest these interest payments and earn additional returns from the reinvestment date onwards. However, depending on the prevailing interest rates at the time of reinvestment, the actual returns generated from such reinvestments may be higher or lower than the original yield offered by Debentures. This uncertainty is referred to 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 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 all the secured and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank. Therefore, if, prior to the occurrence of a Trigger Event, the Bank becomes insolvent or is wound-up, the assets of the Bank would first be applied to satisfy all rights and claims of holders of senior indebtedness. If the Bank does not have sufficient assets to settle claims of such senior indebtedness holders in full, the claims of the holders of the Debentures will

not be settled and, as a result, the holders will lose the entire amount of their investment in Debentures. The Debentures will share equally in payment with claims under other Subordinated indebtedness if the Bank does not have sufficient funds to make full payments on all of them, as applicable. In such a situation, holders could lose all or part of their investment.

In addition, Debenture Holders should be aware that, upon the occurrence of a Trigger Event, all the Bank's obligations under the Debenture shall be deemed paid in full by the issuance of Ordinary Voting Shares upon a Non-Viability Conversion, and each Debenture 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 Debenture Holders could lose all or part of their investment in the Debentures irrespective of whether the Bank has sufficient assets available to settle what would have been the claims of the holders of the Debentures or other securities Subordinated to the same extent as the Debentures, in proceedings relating to an insolvency or winding-up.

(e) Credit Risk

Credit risk is also referred to as default risk. This is the risk that the issuer of a Debenture may default, i.e. the issuer will not be able to pay interest and principal payments on a timely basis. This risk is gauged in terms of rating assigned by different rating agencies. Fitch Ratings Lanka Limited has assigned a final National Long-term Rating of 'BBB+(lka)' to these Debentures and will be periodically reviewing the same.

(f) Liquidity Risk

Liquidity risk is associated with the ease in which an investment can be sold after the initial placement. In order to reduce the liquidity risk of the Debentures, the Bank has applied for a listing of these Debentures on the CSE and has received in-principle approval for such listing whereby Debenture Holders will be able to sell the Debentures through the CSE in order to convert the Debentures to cash and exit from the investment. However, transaction price or bid-ask spread will be dependent upon the marketability, demand, supply and other macro factors such as market interest rates. Furthermore, it should be noted that the secondary debt market is not as developed as the secondary equity market in Sri Lanka.

Additional risks arising from the Debentures being a Basel III Non-Viability Conversion Instrument

(g) Risks arising from Non-Viability Conversion features

(i) Conversion Risk

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

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

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

The Debentures are loss-absorption financial instruments designed to comply with applicable banking regulations and involve certain risks. Each potential Qualified Investor of the 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 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 Debentures unless he/she has the knowledge and expertise (either alone or with the financial advisor) to evaluate how the Debentures will perform under changing conditions, the resulting effects on the likelihood of the Non-Viability Conversion into Ordinary Voting Shares and the value of the Debentures, and the impact this investment will have on the potential 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 Debentures will be converted into Ordinary Voting Shares. In addition, Qualified Investors in the 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 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 Debentures and the Ordinary Voting Shares, whether or not such Trigger Event actually occurs. Therefore, in such circumstances, Qualified Investors may not be able to sell their Debentures easily or at prices that will provide them with a yield comparable to other types of subordinated debentures, including the Bank's other subordinated debt securities. In addition, 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 Debentures, including with respect to priority and rights on liquidation, will no longer be relevant as all such Debentures will have been converted on a full and permanent basis into Ordinary Voting Shares ranking *pari passu* with all other 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 Debentures.

Given the nature of the Non-Viability Trigger Event a Debenture Holder 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 Debentures not been converted in to Ordinary Voting Shares.

(vi) A Qualified Investor's remedies for the Bank's breach of its obligations under the 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 Debentures shall not be entitled to declare the principal amount of the 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.

(h) 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) specifies 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 Debentures may be exposed to losses through the use of other resolution tools under applicable statutes.

(i) Generic Risks

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

In Sri Lanka the secondary trading activity in the corporate debt market is limited. The Debentures are a new issue of securities and have no established secondary trading market. 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 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 Debentures easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If the secondary market for the Debentures is limited, there may be few buyers for the Debentures and this may significantly reduce the relevant market price of the Debentures.

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

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

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

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

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

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

5.13 TRANSFER OF DEBENTURES

The Debentures will be transferable and transmittable in the manner set out in the Trust Deed, which is reproduced below.

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

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

(c) In the case of death of a 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 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 Debentures.

(d) Any person becoming entitled to any Debentures in consequence of bankruptcy or winding up of any Debenture Holder, upon producing proper evidence that he/she/it sustains the character in respect of which he/she/it proposes to act or his/her 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 Debenture Holder in respect of such 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.

5.14 LISTING

An Application has been made to the CSE for permission to obtain a listing for the 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. It is the intention of the Bank to list the Debentures in the Colombo Stock Exchange upon the allotment thereof. The Debentures which are to be listed through an Offer for Subscription will be fully paid and issued only for cash. However, the CSE reserves the right to revoke such approval granted, in the circumstances set out in Rule 2.3 of the CSE Listing Rules. However, the 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, reports included or undisclosed information 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 Debentures.

5.15 COST OF THE ISSUE

The Board of Directors estimates that the total cost of the Issue including fees to professionals, advertising, printing and other costs connected with the Issue will be approximately LKR 45 million. (if LKR 12.5 billion is raised). Such costs will be financed by the internally generated funds of the Bank.

5.16 BROKERAGE FEE

Brokerage fee of Fifteen Cents (LKR 0.15) per Debenture shall be paid in respect of the number of Debentures allotted on Applications bearing the original seal of any bank operating in Sri Lanka or a Trading Participant of the CSE or any other party identified by the Bank and/or Managers as involved in the Issue.

5.17 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.

5.18 INSPECTION OF DOCUMENTS

The Articles of Association, Trust Deed, Auditors' Report and Audited Financial Statements for the Five (05) financial years ended 31st December 2025 (i.e. the Five (05) financial years immediately preceding the date of this Prospectus), Unaudited Interim Financial Statements for the quarter ended 30th June 2026 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 (including the Issue Opening Date) prior to the date of opening of the Subscription List at the registered office of the Bank at DFCC Bank PLC, No. 73/5 Galle Road, Colombo 03 until the Date of Redemption of the Debentures.

The Prospectus, Trust Deed and Articles of Association of the Bank, will be available on the website of the CSE, *www.cse.lk* and the website of the Bank, *www.dfcc.lk* from Seven (07) Market Days (including the Issue Opening Date) prior to the date of opening of the Subscription List until the Date of Maturity of the Debentures as stipulated in Rule 3.3.13 (b) of the CSE Listing Rules.

Audited Financial Statements of DFCC Bank PLC made up to 31st December 2025, Unaudited Interim Financial Statements as at 30th June 2026 and the Five Year Summary of Financial Statements will be available on the website of the CSE, *www.cse.lk* and the website of the Bank, *www.dfcc.lk*.

5.19 PROSPECTUS AND APPLICATION FORMS

Printed copies of the Application Form may be obtained free of charge (upon request) from the Collection Points listed in Annexure II from Seven (07) Market Days (including the Issue Opening Date) prior to the date of opening of the Subscription List. Soft Copies of the Prospectus and the Application Forms can also be downloaded from the website of the CSE *www.cse.lk* and the website of the Bank *www.dfcc.lk*.

As part of its broader sustainable initiatives, the Bank aims to reduce the environmental impact of the Debenture issue by minimizing the use of printed material. Therefore, via the letter dated 27th July 2026 the Bank requested a waiver from the CSE for Listing Rule 2.4 (f), which requires making physical copies of the Prospectus available. Upon careful deliberation of the said request made by the Bank, the CSE granted the waiver. Consequently, only digital copies of the Prospectus and the Application Form will be available to Trading Participants of the Exchange, and the public. However, printed copies of the Application Form may be provided upon request from the Collection Points.

6.0 PROCEDURE FOR APPLICATION

6.1 ELIGIBLE APPLICANTS

Applications are invited for the subscription of Debentures from the following categories of Qualified Investors as defined in the Listing Rules of the Colombo Stock Exchange.

(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 Debentures on the CSE will also be limited to Qualified Investors.

Please note that Applications made by individuals less than 18 years of age or those in the names of sole proprietorships, partnerships, un-incorporated trusts and non-corporate bodies will be rejected.

"Persons resident outside Sri Lanka" will have the same meaning as in the notice published under Section 31 of the Foreign Exchange Act No. 12 of 2017 in Gazette (Extraordinary) No. 2213/40 dated 3rd February 2021 or as may be amended or replaced from time to time.

When permitting Non-Residents to invest in the 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 Debentures of Companies incorporated in Sri Lanka to persons resident outside Sri Lanka as published in the Government Gazette (Extraordinary) No. 2213/35 dated 3rd February 2021 as amended by Gazette (Extraordinary) No. 2235/22 dated 6th July 2021, Gazette (Extraordinary) No. 2371/33 dated 15th February 2024 and Gazette (Extraordinary) Nos. 2371/48 and 2371/49 dated 16th February 2024 or as may be amended or replaced from time to time.

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 and 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 and can be downloaded from the website of the CSE, *www.cse.lk* and the website of the Bank, *www.dfcc.lk*. The Application Form can be downloaded from the website of CSE, *www.cse.lk*, the website of the Bank, *www.dfcc.lk* until the Closure Date.

The Bank has formally requested a waiver of Rule 2.4(f) of the CSE Listing Rules, which pertains to the printing of the Prospectus, through a letter addressed to the CSE dated 27th July 2026. This request was made in line with the Bank's commitment to environmental sustainability in connection with this Debenture Issue. The CSE has decided to grant the waiver via the letter dated 31st August 2026, allowing the Bank to proceed without complying with the standard Prospectus printing requirements set out in the aforementioned rule.

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 under the Debentures will not be accepted. If more than one Application Forms are submitted for Debentures 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 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 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 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 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 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/ passport 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 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) which has been executed and submitted for registration in accordance with the Powers of Ordinance No. 04 of 1902, as amended. A certified true copy of the registered POA issued by the department of Registrar General 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 Debentures and the payment for 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 Debentures and may be affected by the laws of the jurisdiction of their residence. If the Non-Resident Applicants wish to apply for the Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

Application Forms properly filled in accordance with the instructions thereof together with the remittance for the full amount payable on Application if not remitted through RTGS transfer should be enclosed in an envelope Marked "**DFCC BANK PLC – DEBENTURE ISSUE 2026**" 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 or sent via email to *dfccdebenture2026@cal.lk* at least by 4.30 pm on the Issue Closure Date.

Applications sent by post or courier or delivered by hand to any Collection Point set out in Annexure II of this Prospectus should reach the office of the Registrar to the Issue, S S P Corporate Services (Private) Limited, No. 101, Inner Flower Road, Colombo 03 at least by 4.30 pm 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 to the Issue or sent via email to *dfccdebenture2026@cal.lk* after the Closure Date of the Issue will also 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 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 Debentures under this Issue, the allotted Debentures would be credited to the Applicant's CDS account so indicated.

Hence, DEBENTURE CERTIFICATES SHALL NOT BE ISSUED.

6.3 NUMBER OF DEBENTURES TO BE SUBSCRIBED

Applicants are allowed to invest in Debentures subject to the Minimum Subscription under each investor category as given below.

The Minimum Subscription requirement applicable for a Qualified Investor applying for Debt Securities shall be Sri Lankan Rupees Ten Thousand (LKR 10, 000/-).

Provided however, the Minimum Subscription requirement applicable for an Individual Qualified Investor applying for Basel III Compliant Debt Securities shall be Sri Lankan Rupees Five Million (LKR 5,000,000/-).

Any Application in excess of the Minimum Subscription requirement shall be in multiples of Sri Lankan Rupees Ten Thousand (LKR 10,000/-).

An Applicant should only apply for the Debentures under one Application Form.

6.4 MODE OF PAYMENT OF THE INVESTMENT BY THE APPLICANTS

(a) Payment in full for the total value of 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 within DFCC Bank PLC, as the case may be, subject to the conditions below.

Cash, SLIPS and CEFTS transfers will not be accepted as a mode of payment for any application.

(b) Payments for Applications **for values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-)** should be supported by either;

- A bank guarantee issued by a licensed commercial bank; or
- multiple bank drafts/ cheques drawn upon any licensed commercial bank operating in Sri Lanka, **each of which should be for a value less than Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-);** or
- a RTGS Transfer or an Internal Direct Transfer within DFCC Bank PLC with value on the Issue Opening Date.

(c) Payments for Applications **for values below Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-)** should **ONLY** be supported by either;

- a bank guarantee issued by a licensed commercial bank; or
- a bank draft/ cheque drawn upon any licensed commercial bank operating in Sri Lanka.
- a RTGS Transfer or an Internal Direct Transfer within DFCC Bank PLC with value on the Issue Opening Date

Multiple bank guarantees or bank drafts/cheques or multiple RTGS Transfers/Internal Direct Transfers **will not be accepted for Applications for values below Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-).**

(d) Cheques or bank drafts should be made payable to **"DFCC Bank PLC 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 "**DFCC Bank PLC Debenture Issue 2026**" in a manner acceptable to the Bank, and be valid for a minimum of One (01) month from the Issue Opening Date (11th September 2026).

Applicants are advised to ensure that sufficient funds are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Issue. It is advisable that the Applicants

discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.

(f) In case of RTGS and Internal Direct Transfers 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	:	DFCC Bank PLC Debenture Issue 2026
Account Number	:	109925244211
Bank	:	DFCC Bank PLC
Bank Code	:	7454
Branch	:	Ramanayake Mawatha Branch
Branch Code	:	001

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

The Applicant should obtain a confirmation from the Applicant's bank to the effect that arrangements have been made to transfer the payment in full for the total value of Debentures applied for to the above bank account**. The confirmation should be attached to the Application Form.**

(g) 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 *Seven per centum* (7.00%) 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 4.30 pm of the Closure Date of the Subscription List. Furthermore, even if such RTGS/ 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.

(h) Payment for the 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.

(i) In the event that cheques are not realized within One (01) Market Day of deposit, the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid.

(j) The amount payable should be calculated by multiplying the number of Debentures applied for by the Par Value (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.

(k) All cheques/bank drafts received in respect of the Applications for Debentures will be banked commencing from the Working Day immediately following the Closure Date of the Subscription List.

6.5 REJECTION OF APPLICATIONS

- Application Forms and the accompanying cheques/bank drafts/bank guarantees/ RTGS/ Internal Direct Transfers, 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 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 under the Debentures by an Applicant will not be accepted. If more than one Application Form is submitted under the Debentures 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 for any Debentures 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 pm 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 Collection Points mentioned in Annexure II should also reach the office of the Registrars to the Issue at least by 4.30 pm 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 Two (02) Market Day of deposit and realized after such date, the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid. 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 or bank guarantees received in respect of Applications will not be banked or called on 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.

6.7 BASIS OF ALLOTMENT OF DEBENTURES

In the event of an oversubscription, the CEO or in his absence by the Deputy CEO or the SVP Treasury and Investment Banking of the Bank as authorized by the Board of Directors of the Bank pursuant to the Board Resolution dated 24th February 2026 will endeavor 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. Upon the allotments being decided, an announcement will be made to the CSE within Seven (07) Market Days from the Closure Date.

The Board however shall reserve the right to allocate up to a maximum of 76% of the number of Debentures to be allotted under this Issue to identified Qualified Investor/s of strategic importance with whom the Bank might have mutually beneficial relationships in the future.

Number of Debentures to be allotted to identified Qualified Investor/s of strategic and operational importance, on a preferential basis or otherwise will not exceed 76% of the total number of Debentures to be issued under this Prospectus under any circumstances, unless there is an undersubscription from the other Qualified Investors (Qualified Investors that do not fall under preferential category). In the event of such undersubscription from the other Qualified Investors, such other investor category to be allotted in full and any remaining Debentures to be allotted to identified Qualified Investor/s.

The number of Debentures to be issued under Debentures will be in accordance with the Basis of Allotment which will be decided at the discretion of the CEO or in his absence by the Deputy CEO or the SVP Treasury and Investment Banking as authorized by the Board of Directors of the Bank in a fair and equitable manner in the event of an oversubscription.

The allotment of Debentures as above will be done subject to the provisions in Rule 3.3.5 (ii) (a) (i) & (ii) of the CSE Listing Rules.

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

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/CEFTS/RTGS or cheque).

If the Applicant has provided accurate and complete details of his/ her bank account in the Application, the Bankers to the Issue will make refund payments up to and inclusive of Sri Lankan Rupees Ten Million (LKR 10,000,000/-) to the bank account specified by the Applicant, through SLIPS/CEFTS and a payment will be made via RTGS in the event of refunds over Sri Lankan Rupees Ten Million (LKR 10,000,000/-).

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 Applications, 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 Qualified Investors to ensure that their IIA details are accurately provided on the Application Form in order to facilitate refunds to the IIA through which the Application was made. Any refunds relating to payments received from IIA Accounts will be credited back to the respective IIA Accounts.

Applicants can obtain details on bank and branch codes required for providing instructions on RTGS transfers at the following website; https://www.lankapay.net/downloads/bank-branch-directory/

Refunds on Applications rejected or partly allotted Debentures would be made within Eight (8) 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 CBSL 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

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 Debentures.

Trading of Debentures on the secondary market will commence on or before the Third 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), the secondary market trading of the Debentures shall be limited to the "Qualified Investors".

7.0 ABOUT DFCC BANK PLC

7.1 BACKGROUND

Established in 1955 under an Act of Parliament, DFCC Bank is one of Asia's oldest development banks and has been a catalyst for Sri Lanka's private sector growth for seven decades. Founded to spearhead post-independence industrialization, the Bank provided long-term capital to build industries, create jobs, and strengthen the national economy.

Over time, DFCC Bank evolved into a fully-fledged commercial bank, while preserving its development finance DNA. The amalgamation with DFCC Vardhana Bank in 2015 reinforced its dual role as both a universal and development-focused financial institution. Today, DFCC Bank serves customers across Sri Lanka with a nationwide footprint, innovative digital platforms, and a diversified portfolio spanning retail, SME, corporate, and international banking.

The Bank has consistently pioneered financial innovation - from financing the country's first private sector grid connected renewable energy projects to issuing Sri Lanka's first Green Bond, listed across Colombo, Luxembourg, and India's Gujarat International Finance Tec (GIFT) City. DFCC Bank is committed to continuing this legacy, aligning capital markets with sustainability priorities while reaffirming its role as a trusted partner in the nation's long-term progress.

7.2 NATURE OF BUSINESS

DFCC Bank operates within a broad ecosystem comprising multiple stakeholders, including customers, shareholders, employees, regulators, communities, and the environment. The Bank's operations have a direct and wide-ranging impact on these stakeholders, depending on how effectively it manages its activities and resources.

To create sustainable value, DFCC Bank leverages various forms of capital in the form of financial, human, intellectual, social and natural capital which are continuously transformed and enhanced through the Bank's business activities. These activities generate both tangible and intangible outcomes that benefit all stakeholders. The Bank's on-balance sheet activities, such as loans and investments, not only deliver financial value to shareholders and customers but also contribute to broader economic growth and social development.

Licenses to carry out banking business do not have a date of expiry.

7.3 FINANCIAL YEAR

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

7.4 STATED CAPITAL

The stated capital of the Bank represents Ordinary Voting Shares as given below.

Ordinary Voting Shares	As at 31st December 2025	As at 30th June 2026*
Balance (LKR)	15,445,973,463	17,388,007,557
Number of Shares	438,404,250	450,715,084

*Unaudited

The Bank does not have non - voting, preference, or any other classes of shares in issue. The Bank also does not have any outstanding convertible debt securities other than the Basel III Compliant Debentures with Non-Viability Conversion issued in 2020 and 2024 and the Basel III Compliant GSS+ Bonds with Non-Viability Conversion issued in 2026.

7.5 MAJOR SHAREHOLDERS OF THE BANK

Set out below are the Twenty (20) largest shareholders of the Bank as at 30th June 2026*.

Ordinary Voting Shares

No	Name	No. of Shares	%
1	Hatton National Bank PLC A/C No 1	56,217,170	12.47
2	Bank Of Ceylon-No2 A/C (BOC PTF)	47,150,696	10.46
3	Seylan Bank PLC / Phantom Investments (Pvt) Ltd	45,029,948	9.99
4	Mr. M. A. Yaseen	40,047,763	8.88
5	Sri Lanka Insurance Corporation Ltd-Life Fund	34,181,983	7.58
6	Commercial Bank of Ceylon PLC/ Ambeon Holdings PLC	27,758,187	6.15
7	Melstacorp PLC	27,744,561	6.15
8	Seafeld International Limited	21,960,020	4.87
9	Renuka City Hotels PLC	9,125,939	2.02
10	Ambeon Holdings PLC	5,438,564	1.20
11	Renuka Hotels PLC	5,048,939	1.12
12	Metrocorp (Pvt) Ltd	4,999,156	1.10
13	Employees Trust Fund Board	4,549,907	1.00
14	Hatton National Bank PLC/ Colombo City Holdings PLC	4,215,132	0.93
15	Cargo Boat Development Company PLC	3,413,953	0.75
16	Sampath Bank PLC/ Ambeon Holdings PLC	3,084,243	0.68
17	Seylan Bank PLC/Ambeon Holdings PLC (Margin Trading)	3,069,228	0.68
18	Akbar Brothers Pvt Ltd	2,743,725	0.60
19	Sri Lanka Insurance Corporation Ltd-General Fund	2,669,572	0.59
20	Stassen Exports (Pvt) Limited	2,351,075	0.52
	Total Shares Held by the Top 20 Shareholders	**350,799,761**	**77.74**
	Balance held by Other Shareholders	99,915,323	22.26
	Total Number of Shares in Issue	450,715,084	**100.00**

*Unaudited

7.6 DETAILS OF OTHER DEBENTURES IN ISSUE

The details of other listed Debentures issued by DFCC Bank PLC as at the date of this Prospectus are given in the table below;

Debenture Code	Year of Issuance	Ranking	Tenor	Issue Value (Mn)	Interest Rate (p.a.)	Issue Date	Maturity Date
DFCC-BD 28/03/29-C2417-13.9	2019	Senior	10 years	4,411.17	13.90%	28-Mar-2019	28-Mar-2029
DFCC-BD23/10/27-C2457-9.25	2020	Subordinated*	7 years	205.00	9.25%	23-Oct-2020	23-Oct-2027
DFCC-BD-16/01/29-C2523- 15.25	2024	Subordinated*	5 years	7,945.23	15.25%	16-Jan-2024	16-Jan-2029
DFCC-BD-16/01/31-C2524- 14.75	2024	Subordinated*	7 years	54.77	14.75%	16-Jan-2024	16-Jan-2031
DFCC-BD-24/09/27-C2550-12	2024	Senior	3 years	2,500	12.00%	24-Sep-2024	24-Sep-2027
DFCC-BD-21/11/28-C2599-9.75	2025	Senior	3 years	131.60	9.75%	21-Nov-2025	21-Nov-2028
DFCC-BD-21/11/28-C2600-0	2025	Senior	3 years	20.85	9.75%	21-Nov-2025	21-Nov-2028
DFCC-BD-21/11/29-C2603-10.25	2025	Senior	4 years	842.05	10.25%	21-Nov-2025	21-Nov-2029
DFCC-BD-21/11/29-C2604-0	2025	Senior	4 years	182.72	10.25%	21-Nov-2025	21-Nov-2029
DFCC-BD-21/11/30-C2601-10.5	2025	Senior	5 years	1,592.04	10.50%	21-Nov-2025	21-Nov-2030
DFCC-BD-21/11/30-C2602-0	2025	Senior	5 years	83.02	10.50%	21-Nov-2025	21-Nov-2030
DFCC-BD-13/02/31-C2615-11.5	2026	Subordinated*	5 years	9,571.97	11.50%	13-Feb-2026	13-Feb-2031
DFCC-BD-13/02/33-C2617-11.75	2026	Subordinated*	7 years	190.80	11.75%	13-Feb-2026	13-Feb-2033
DFCC-BD-13/02/36-C2616-12	2026	Subordinated*	10 years	237.23	12.00%	13-Feb-2026	13-Feb-2036

*Please note that these subordinated debentures are Basel III Compliant debentures/ Basel III Compliant GSS+ bonds with Non-Viability Conversion options. The rights of these Basel III debenture holders/ Basel III GSS+ bond 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* with other Basel III subordinated debenture holders/ Basel III GSS+ bond holders and in priority to and over the rights of any Shareholders. However, if there has been an issuance of shares to the debenture holders/ bond holders upon the occurrence of a Trigger Event a debenture holder / bond holder would cease to be debenture holder/bond holder and would become a shareholder of the Bank to the extent of such issuance and will rank equal and *pari passu* with existing Shareholders.

In the event of liquidation or winding up, the claims of the above-mentioned senior debenture holders will be ranked after preferential claims under Section 365 of the Companies Act No.7 of 2007 and *pari passu* with all claims of the senior debt holders of the Bank but in priority to the claims of Subordinated debt holders and claims and rights of the Shareholders of the Bank.

The holders of the above stated Debentures do not have the following rights;

- Sharing in the profits of the Bank
- Participating in any surplus in the event of liquidation or any special rights

The above-mentioned debenture holders are at any event not barred from being shareholders of the Bank and if they are shareholders, they will enjoy the rights and privileges entitled to shareholders.

In the case of the death of a debenture holder pertaining to above mentioned classes:

i) the survivor where the deceased was a joint holder; or

ii) if not the joint holder the heirs of the deceased shall be the only person/s recognized by the Bank as having any title to his/her debentures. Any person becoming entitled to debentures in consequence of bankruptcy or winding up of any debenture holder, upon producing proper evidence that it/he/she sustains the character in respect of which it/he/she proposes to act or its/his/her title as the Board of Directors of the Bank thinks sufficient may at the discretion of the Board be substituted and accordingly registered as a Debenture holder in respect of such debentures subject to the applicable laws and rules and regulations of the Bank and the CSE.

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

The outstanding long-term loan and other borrowings balances as at 31st December 2024, 31st December 2025, and 30th June 2026 are given in the table below;

Category	**LKR '000**
Balance as at 31st December 2024	**136,829,883**
New Borrowings / (Settlements)	31,547,393
Balance as at 31st December 2025	**168,377,226**
New Borrowings / (Settlements)*	(13,251,842)
Balance as at 30th June 2026*	**155,125,384**

Borrowing of the Bank as at 31st December 2025 and 30th June 2026 comprise of the following categories.

Category	**As at 31st December 2025 LKR '000**	**As at 30th June 2026* LKR '000**
Due to banks	12,372,311	7,658,746
Other borrowing	134,354,757	118,028,705
Debt securities issued	12,286,859	10,309,741
Subordinated term debt	9,363,299	19,128,192
Total	**168,377,226**	**155,125,384**

*Unaudited

7.8 DEBENTURE INTEREST PAYMENT DETAILS OF THE BANK

LKR (Mn)	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	30.06.2026*
Gross Interest due on Debentures	4,114.79	3,998.53	3,607.55	3,749.34	3,122.14	1,706.98
Debenture interest paid on or before due date	4,114.79	3,998.53	3,607.55	3,749.34	3,122.14	1,706.98
Debenture interest paid after the due date	-	-	-	-	-	-
Debenture interest not paid as of due date	-	-	-	-	-	-

*Unaudited

7.9 CONTINGENT LIABILITIES OF THE BANK

The details of contingent liabilities as at 31st December 2025 and 30th June 2026 are given below.

Commitments and Contingencies	As at 31st December 2025 LKR '000	As at 30th June 2026* LKR '000
Acceptances	13,363,718	16,127,387
Guarantees	29,836,254	35,915,118
Bid Bond	2,264,552	1,773,340
Documentary letters of Credit	25,554,467	40,749,692
Forward Contracts	69,229,821	67,241,322
Commitments for unutilized credit facilities	121,146,827	148,363,097
Other capital expenditure commitments	840,881	543,251
Total	**262,236,519**	**310,713,207**

*Unaudited

7.10 LITIGATION AGAINST THE BANK

As at 31st August 2026, apart from legal proceedings in the normal course of its banking business, the Bank is not a party to any litigation or arbitration proceedings and is not aware of any pending or threatened litigation or arbitration that, if decided adversely to the Bank, would have a significant effect upon the Bank's financial position/ profitability nor has it been a party to any such proceedings in the recent past.

7.11 KEY FINANCIAL RATIOS

Capital Adequacy Ratio (CAR)

	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	30.06.2026*
Capital Adequacy - Tier 1 Capital Ratio % **	9.31%	10.09%	11.49%	12.40%	13.55%	11.95%
Capital Adequacy - Total capital ratio % **	13.03%	13.15%	13.51%	15.76%	15.93%	15.71%

Interest Cover and Debt to Equity Ratio

	31.12.2021	31.12.2022	31.12.2023	31.12.2024	31.12.2025	30.06.2026*
Debt / Equity Ratio (Times) ***	2.26	2.51	2.54	2.01	2.00	1.79
Interest Cover Ratio (Times) ****	1.85	1.47	2.27v	2.78	2.72	2.08

*Unaudited

** Minimum Statutory requirement of core capital and total capital ratio for the year 2026 was 8.50% and 12.50% respectively.

*** *Debt/ Equity Ratio* = $\frac{\text{Long Term Borrowings}}{\text{Total Equity}}$

**** *Interest Cover Ratio* = $\frac{\text{Profit Before Tax + Depreciation + Amortization + Impairment + Interest Expense}}{\text{Interest Expense}}$

7.12 TAXATION

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

7.13 FINANCIAL STATEMENTS & FINANCIAL SUMMARY

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

- Audited financial statements of DFCC Bank PLC as at 31st December 2025
- Unaudited Interim Financial Statements of DFCC Bank PLC as at 30th June 2026
- Summarized financial statement for the five years ended 31st December 2021 to 31st December 2025 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.

8.0 BOARD OF DIRECTORS

8.1 DETAILS OF THE DIRECTORS

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

Name of Director	Designation
Mr. J. Durairatnam	Chairman and Independent Non-Executive Director
Mr. N. H. T. I. Perera	Chief Executive Officer and Executive Director
Mr. S. J. M. Marcelline	Deputy Chief Executive Officer and Executive Director
Ms. L. K. A. H. Fernando	Independent Non-Executive Director
Mr. N. K. G. K. Nemmawatta	Independent Non-Executive Director
Mr. H. A. J. de S. Wijeyeratne	Independent Non-Executive Director
Mr. N. Vasantha Kumar	Independent Non-Executive Director
Ms. A. L. Thambiayah	Independent Non-Executive Director
Mr. P. A. Jayatunga	Non-Independent Non-Executive Director
Mr. I. A. Wickramasinghe	Independent Non-Executive Director
Ms. A. K. Moonesinghe	Independent Non-Executive Director

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.

Composition of the Related Party Transactions Review Committee as at 30th June 2026 is as follows.

Name	Membership Status	Nature of Directorship
Mr. N. K. G. K. Nemmawatta	Chairman of the Committee	Independent Non-Executive Director
Mr. J. Durairatnam	Member	Chairman and Independent Non-Executive Director
Ms. A. L. Thambiayah	Member	Independent Non-Executive Director

9.0 STATUTORY DECLARATIONS

9.1 STATUTORY DECLARATION BY THE DIRECTORS

We, the undersigned who are named herein as Directors of DFCC Bank PLC hereby declare and confirm that we have read the provisions of 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.

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

Name of Director	Designation	Signature
Mr. J. Durairatnam	Chairman and Independent Non-Executive Director	Sgd.
Mr. N. H. T. I. Perera	Chief Executive Officer and Executive Director	Sgd.
Mr. S. J. M. Marcelline	Deputy Chief Executive Officer and Executive Director	Sgd.
Ms. L. K. A. H. Fernando	Independent Non-Executive Director	Sgd.
Mr. N. K. G. K. Nemmawatta	Independent Non-Executive Director	Sgd.
Mr. H. A. J. de S. Wijeyeratne	Independent Non-Executive Director	Sgd.
Mr. N. Vasantha Kumar	Independent Non-Executive Director	Sgd.
Ms. A. L. Thambiayah	Independent Non-Executive Director	Sgd.
Mr. P. A. Jayatunga	Non-Independent Non-Executive Director	Sgd.
Mr. I. A. Wickramasinghe	Independent Non-Executive Director	Sgd.
Ms. A. K. Moonesinghe	Independent Non-Executive Director	Sgd.

9.2 STATUTORY DECLARATION BY THE MANAGERS TO THE ISSUE

We, Capital Alliance Partners Limited, of 6th Floor, M2M Veranda Offices, No. 34, W. A. D. Ramanayake Mawatha, Colombo 02, who are named in the Prospectus as the Managers to the Issue hereby declare and confirm that to the best of our knowledge and belief based on the information provided to us by DFCC Bank PLC, the Prospectus constitutes full and true disclosure of all material facts about the Issue and DFCC Bank PLC whose Debentures are being listed.

Signed by two Directors of Capital Alliance Partners Limited, being duly authorised thereto, at Colombo on this 3rd day of September 2026

Sgd.
Director

Sgd.
Director

10.0 FINANCIAL INFORMATION

10.1 ACCOUNTANTS' REPORT AND FIVE YEAR SUMMARY OF FINANCIAL STATEMENTS

Shape the future with confidence

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Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

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

GSM/WDPL/KMW

12 August 2026

Board of Directors
DFCC Bank PLC
No.73/5,
Galle Road,
Colombo 03.

Accountants' Report
DFCC Bank PLC

Dear Sirs/Mesdames,

Introduction

This report has been prepared for the purpose of the prospectus issued in connection with the issue of up to One Hundred and Twenty Five Million (125,000,000) BASEL III Compliant, Tier 2,Listed, Rated, Unsecured, Subordinated, Redeemable 5 year (2026/2031) Debentures with Non-viability Conversion feature("Debentures") Each of the par value of Sri Lankan Rupees One Hundred (LKR 100/-) by DFCC Bank PLC to raise up to maximum amount of Sri Lankan Rupees Twelve Billion Five Hundred Million (LKR 12,500,000,000/-).

We have examined the Financial Statements of the DFCC Bank PLC (the "Bank") for the years ended 31 December 2021 to 31 December 2025, and report is as follows.

1. Incorporation

DFCC Bank PLC ("the Bank") is a limited liability company incorporated and domiciled in Sri Lanka. It was incorporated in 1955 under DFCC Bank Act No 35 of 1955. Consequent to the enactment of the DFCC Bank (Repeal and Consequential Provisions) Act No 39 of 2014, the DFCC Bank Act No 35 of 1955 was repealed and the Bank was incorporated under the Companies Act No 07 of 2007 as a public limited company listed in the Colombo Stock Exchange with the name "DFCC Bank PLC" with effect from 6th January 2015.

DFCC Bank PLC(DFCC) also obtained a commercial banking license from the Monetary Board of the Central Bank of Sri Lanka in terms of the Banking Act No 30 of 1988 as amended and accordingly, upon the amalgamation now operates as a licensed commercial bank.

The registered office of the Bank is at No 73/5,Galle road, Colombo 03.

The Bank is engaged in provisioning range of financial services such as accepting deposits, corporate credit and retail banking ,personal financial services ,project financing, investment banking, foreign currency operations, trade finance, and dealing in government securities and treasury related products. The Bank does not have an identifiable parent of its own.

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

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

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2. Financial Information

2.1 Five-year Summary of Audited Financial Statements

A summary of Statements of Financial Position, Income Statements and Statements of Cash Flows of the Bank for the financial years ended 31 December 2021 to 31 December 2025, based on the audited Financial Statements are set out on Annexure of the Accountants' Report.

2.2 Audited Financial Statements for the Year Ended 31 December 2025

Audit report on the Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its Subsidiaries for the year ended 31 December 2025 together with such Financial Statements comprising the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cashflows along with the accounting policies and notes thereon is available on the website of CSE, www.cse.lk, where the management is responsible for the electronic presentation of the financial report and to ensure the electronic version of the audited financial report and the auditors report on the website is identical to the final signed hard copy version.

2.3 Audit Reports

Messrs. KPMG have audited the Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its subsidiaries for the years ended 31 December 2021 to 31 December 2025. Unmodified audit opinions have been issued for the said financial years by their reports dated 17 February 2022, 17 February 2023, 19 February 2024, 19 February 2025 and 24 February 2026 respectively.

2.4 Accounting Policies

The Financial Statements of the Bank and the Consolidated Financial Statements of the Bank and its subsidiaries for the years ended 31 December 2021 to 31 December 2025 comply with Sri Lanka Accounting Standards. The accounting policies of the Bank and its Subsidiaries are stated in detail in the audited Financial Statements of DFCC Bank PLC for the year ended 31 December 2025.

2.5 Dividends

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

Year	Dividend Paid (Rs. 'Mn')	Dividend Per Share (Rs.)
31st December 2021	918	3*
31st December 2022	962	3*
31st December 2023	805	2*
31st December 2024	2,110	5**
31st December 2025	2,596	6***

* Scrip Dividend
**Rs 3 per share cash dividend and Rs 2 per share scrip dividend.
*** Rs 4 per share cash dividend and Rs 2 per share scrip dividend.

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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 except the following.

2.6.1. First & Final Dividend:

The directors have approved the payment of first and final dividend of LKR 7.50 per share which will consist of LKR 2.50 per share in cash and LKR 5.00 in the form of scrip dividend, for the financial year ended 31 December 2025.

2.6.2. Issuance of BASEL III Compliant GSS+ Bond:

The Bank raised LKR 10 Bn on 13 February 2026, through the issuance of One Hundred Million (100,000,000) Basel III compliant, subordinated, listed, rated, unsecured, redeemable GSS+ bonds with a non-viability conversion feature, each at an issue price (par value) LKR 100/- with maturity terms of 5, 7 and 10 years.

2.6.3. Proposed Acquisition of the Wealth and Retail Banking business of Standard Chartered Bank Sri Lanka Branch:

DFCC Bank PLC has entered into a binding Business Sale Agreement (BSA) with Standard Chartered Bank, United Kingdom, to acquire the wealth and retail banking operations of Standard Chartered Bank Sri Lanka for purchase consideration of LKR 3.7 Bn and has received approval from the Central Bank of Sri Lanka, in terms of Section 12 (1) (c) of the Banking Act No. 30 of 1988 (as amended), to proceed with the proposed acquisition.

The transaction was completed on 1st August 2026 subsequent to the year end.

3. Restriction on Use

This report is made solely for the purpose of the Board of Directors of DFCC Bank PLC for inclusion in the application for the purpose of prospectus issued in connection with the issue of up to One Hundred and Twenty Five Million (125,000,000), BASEL III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable five-year (2026/2031) Debentures with Non-viability conversion feature("Debentures") each of the par value of Sri Lankan Rupees One Hundred (LKR 100/-) By DFCC Bank PLC to raise up to a maximum amount of Sri Lankan Rupees Twelve Billion Five Hundred Million (LKR 12,500,000,000/-).

Yours faithfully,



FIVE-YEAR SUMMARY OF FINANCIAL STATEMENTS (BANK)

INCOME STATEMENT

(LKR MN)

Description	2025	2024	2023	2022	2021
Gross income	96,696	89,559	106,883	74,960	42,649
Interest income	81,344	76,907	96,922	69,863	36,599
Interest expenses	50,391	48,786	65,697	43,342	23,946
Net interest income	30,953	28,121	31,224	26,521	12,653
Non-Interest Income	13,103	11,246	9,273	4,330	5,757
Operating profit before taxes on financial services	20,322	17,914	14,146	3,693	5,544
Operating profit after taxes on financial services	15,582	13,498	10,960	2,439	4,326
Profit for the year	16,028	8,353	7,220	2,513	3,222

STATEMENT OF FINANCIAL POSITION

(LKR MN)

Description	2025	2024	2023	2022	2021
Cash and cash equivalents	22,771	13,505	14,478	16,123	10,688
Balances with Central Bank of Sri Lanka	2,953	2,328	2,108	9,031	9,359
Placements with banks	37,443	11,229	29,138	15,225	6,288
Derivative financial assets	8,494	9,643	16,499	20,474	280
Financial assets measured at fair value through profit or loss	9,015	7,416	1,741	1,429	219
Financial assets at amortized cost - Loans and advances to banks	-	1,500	-	-	-
Financial assets at amortized cost - Loans and advances to customers	510,924	395,047	348,767	369,072	365,901
Financial assets at amortized cost - Debt and other instruments	114,796	105,642	68,031	50,948	26,675
Financial assets measured at fair value through OCI	124,553	138,258	134,903	63,319	54,329
Investments in subsidiaries	237	237	237	237	217
Investments in associate	33	33	33	33	35
Investments in joint venture	-	-	755	755	755
Investment property	10	10	10	10	10
Property, plant and equipment	4,509	3,873	3,500	3,199	3,237
Intangible assets and goodwill	2,608	2,002	1,926	2,198	2,228
Deferred tax asset	5,732	4,893	5,408	4,138	1,359
Other assets	8,449	7,821	13,416	9,751	3,925
Asset held for sale	-	755	-	-	-
Total assets	857,146	704,193	640,950	565,940	485,505
Due to banks	12,372	7,149	52,793	15,858	3,845

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Derivative financial liabilities	201	909	382	85	814
Financial liabilities at amortized cost - Due to depositors	564,759	465,153	407,225	370,314	319,861
Financial liabilities at amortized cost - Due to other borrowers	134,355	96,756	72,023	81,146	69,094
Debt securities in issue	12,287	14,691	16,312	16,304	16,297
Retirement benefit obligation	1,182	1,409	1,371	592	689
Current tax liabilities	2,669	3,067	4,427	2,480	952
Deferred tax liability	-	-	-	-	-
Other liabilities	12,545	12,792	9,605	10,041	6,580
Subordinated term debt	9,363	18,234	9,072	18,400	18,387
Total liabilities	749,734	620,160	573,209	515,219	436,519
Stated capital	15,446	14,710	13,867	13,182	8,600
Statutory reserve	4,460	3,658	3,240	2,875	2,747
Retained earnings	50,291	35,835	28,250	22,601	22,092
Other reserves	37,216	29,830	22,384	12,063	15,547
Total equity attributable to equity holders of the Bank	107,413	84,033	67,741	50,721	48,986
Total equity	107,413	84,033	67,741	50,721	48,986
Total equity and liabilities	857,146	704,193	640,950	565,940	485,505
Contingent liabilities and commitments	262,237	222,538	193,993	169,133	144,278

STATEMENT OF CASH FLOWS **(LKR MN)**

Description	2025	2024	2023	2022	2021
Operating cash flows before changes in operating assets and liabilities	16,259	14,452	26,214	20,483	488
(Increase)/decrease in operating assets and liabilities	20,556	15,801	48,696	33,093	(58,200)
Net cash flows before income tax	(4,296)	30,253	74,910	53,577	57,711
Surcharge tax paid				(1,232)	
Income tax paid	(6,207)	(6,035)	(4,306)	(1,531)	(1,621)
Net cash flows from operating activities	(10,505)	24,219	70,605	50,813	(59,333)
Net cash flows used in investing activities	18,868	(29,180)	(84,293)	(31,257)	42,670
Net cash flows from/(used in) financing activities	27,117	(13,921)	25,958	(5,185)	10,500
Net increase/(decrease) in cash and cash equivalents	35,480	(18,882)	12,269	14,371	(6,162)
Cash and cash equivalents at beginning of year	24,734	43,617	31,347	16,976	23,139
Cash and cash equivalents at end of year	60,214	24,734	43,617	31,347	16,976

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

Chathura Weerasinghe
Vice President
Accounting & Reporting

Chinthika Amarasekare
Chief Financial Officer

12 August 2026

Date

ERNST & YOUNG
Chartered Accountants
COLOMBO



Country Head

FitchRatings

RATING ACTION COMMENTARY

Fitch Rates DFCC Bank's Proposed Basel III Subordinated Debt Final 'BBB+(lka)'

Tue 25 Aug, 2026 - 1:37 AM ET

Fitch Ratings - Colombo/Singapore - 25 Aug 2026: Fitch Ratings has assigned DFCC Bank PLC's (A(lka)/Stable) proposed Basel III-compliant subordinated unsecured debentures of up to LKR12.5 billion a final National Long-Term Rating of 'BBB+(lka)'.

The proposed debentures will mature in five years and will be listed on the Colombo Stock Exchange. The bank plans to use the proceeds to strengthen its Tier 2 capital base and to support balance sheet growth.

The bank expects the proposed debentures to qualify as Basel III-compliant regulatory Tier 2 capital. The debentures include a non-viability clause whereby they will convert to ordinary voting shares upon 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 20 July 2026 and follows the receipt of documents conforming to information already received.

KEY RATING DRIVERS

DFCC's Sri Lankan rupee-denominated subordinated debt is rated two notches below the bank's National Long-Term Rating anchor. This reflects our baseline notching for loss severity on this type of debt and expectations of poor recoveries. There is no additional notching for non-performance risk, as the notes do not incorporate going-concern loss-absorption features.

We use DFCC's National Long-Term Rating as the anchor for this instrument, because it reflects the bank's standalone financial strength and best indicates the risk of the bank becoming non-viable.

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

RATING SENSITIVITIES

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

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

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

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

DATE OF RELEVANT COMMITTEE

08 September 2025

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

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

RATING ACTIONS

ENTITY / DEBT	RATING TYPE	RATING	RATING ACTION	PRIOR
DFCC Bank PLC				
subordinated	Natl LT	BBB+(lka)	New Rating	BBB+(EXP)(lka)

VIEW ADDITIONAL RATING DETAILS

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Analyst

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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. 23 Dec 2020)

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

ADDITIONAL DISCLOSURES

Solicitation Status

Endorsement Policy

Potential Conflicts Resulting from Revenue Concentrations

ENDORSEMENT STATUS

DFCC Bank PLC -

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more 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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Fitch's solicitation status policy can be found at www.fitchratings.com/ethics.

ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU Regulation or the UK Regulation, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's Regulatory Affairs page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

ANNEXURE II - COLLECTION POINTS

Printed copies of the Application Form can be obtained free of charge, upon request, from the following Collection Points.

Issuer	**Managers to the Issue**
DFCC Bank PLC No. 73/5, Galle Road, Colombo 03. Tel: +94 11 2 442 442 Fax: +94 11 2 440 376 E-mail: care@dfccbank.com Website: www.dfcc.lk	Capital Alliance Partners Limited 6th Floor, M2M Veranda Offices, No. 34, W. A. D. Ramanayake Mawatha, Colombo 02. Tel: +94 11 2 317 777 Fax: +94 11 2 317 788
Registrars to the Issue	**Bankers to the Issue**
S S P Corporate Services (Private) Limited No. 101, Inner Flower Road, Colombo 03. Tel: +94-11 2 573 894 Fax: +94-11 2 573 609	DFCC Bank PLC No. 73/5, Galle Road, Colombo 03. Tel: +94 11 2 442 442 Fax: +94 11 2 440 376

Trading Participants of the CSE

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	**Almas Equities (Private) Limited** 3rd Floor, Tower B, Sino Lanka Towers, No. 409, Sri Jayawardenapura Mawatha, Rajagiriya. Tel: +94 707 144 551 Fax: +94 11 2 673 908 E-mail: info@almasequities.com
Asia Securities (Private) Limited 4th Floor, Lee Hedges Tower, No. 349, Galle Road, Colombo 03. Tel: +94 11 7 722 000 Fax: +94 11 2 584 864 E-mail: inquiries@asiasecurities.lk	**ACS Capital (Private) Limited** No. 44, Guildford Crescent, Colombo 07. Tel: +94 11 7 898 302 E-mail: info@acscapital.lk
Bartleet Religare Securities (Private) Limited Level "G", "Bartleet House", No. 65, Braybrooke Place, Colombo 02. Tel: +94 11 4 221 000 Fax: +94 11 2 434 985 E-mail: info@bartleetreligare.com	**Capital Trust Securities (Private) Limited** No. 42, Sir Mohamed Macan Markar Mawatha, Colombo 03. Tel: +94 70 5 666 777 / +94 11 2 174 174 Fax: +94 11 2 174 173 E-mail: inquiries@capitaltrust.lk
CT SMITH Securities (Private) Limited 4-14, Majestic City, No. 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** Level 12, Vallible Property Building, No. 480, Galle Road, Colombo 03. Tel: +94 11 2 123 901 E-mail: equity@firstcapital.lk
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@hnbstockbrokers.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 Stock Brokers (Private) Limited No. 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", No. 34, W. A. D. Ramanayake Mawatha, Colombo 02. Tel: +94 11 4 706 757/ +94 11 2 554 942 Fax: +94 11 4 706 767 E-mail: info@lankasec.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	**Sampath Securities (Private) Limited** 5th Floor, 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: info@sampathsecurities.lk
Somerville Stockbrokers (Private) Limited No. 410/95,1/1, Bauddhaloka Mawatha, Colombo 07. Tel: +94-11 2 502 858/ +94 11 2 502 862 Fax: +94 11 2 502 852 E-mail: contact@somerville.lk	

Ambeon Securities (Private) Limited No. 100/1, 2nd Floor, Elvitigala Mawatha, Colombo 08. Tel: +94 11 5 328 100 Fax: +94 11 5 328 177 E-mail: info@ambeonsecurities.lk	**ACAP Stock Brokers (Private) Limited** No. 17, Lauries Place, Colombo 04. Tel: +94 70 4 779 500 E-mail: info@acapstockbrokers.lk
Capital Alliance Securities (Private) Limited 6th Floor, M2M Veranda Offices, No. 34, W. A. D. Ramanayake Mawatha, Colombo 02. Tel: +94 11 2 317 777 Fax: +94 11 2 317 788 Email: info@cal.lk	**Enterprise Ceylon Capital (Private) Limited** No. 02, 3rd Floor, 6th Lane, Colombo 03. Tel: +94 11 2 445 644 E-mail: info@ecc.lk

First Guardian Equities (Private) Limited 32nd Floor, East Tower, World Trade Centre, Colombo 01. Tel: +94 11 4 464 400 E-mail: info@fge.lk	**LOLC Securities Limited** No. 481, T.B. Jayah Mawatha, Colombo 10. Tel: +94 11 7 582 000 Fax: +94 11 2 662 883 E-mail: info@lolcsecurities.com
Nestor Stock Brokers (Private) Limited The Landmark Building, No. 385, Galle Road, Colombo 03. Tel: +94 11 4 758 813 Fax: +94 11 2 550 100 E-mail: info@nestorstockbrokers.lk	**Richard Pieris Securities (Private) Limited** No. 310, High Level Road, Nawinna, Maharagama. Tel: +94 11 4 310 500 Fax: +94 11 2 802 385 E-mail: communication@rpsecurities.com
Senfin Securities Limited 4th Floor, No. 180, Bauddhaloka Mawatha, Colombo 04. Tel: +94 72 9 499 400 E-mail: info@senfinsecurities.com	**Softlogic Stockbrokers (Private) Limited** Level 16, One Galle Face Tower, Colombo 02. Tel: +94 11 7 277 000 Fax: +94 11 7 277 099 Email: info@softlogicstockbrokers.lk

Trading Participants – Debt

Seylan Bank PLC Level 3, Seylan Towers, No. 90, Galle Road, Colombo 03. Tel: +94 11 2 456 300 Fax: +94 11 2 452 215 E-mail: info@seylan.lk	**Capital Alliance PLC** 6th Floor, M2M Veranda Offices, No. 34, W. A. D. Ramanayake Mawatha, Colombo 02. Tel: +94 11 2 317 777 Fax: +94 11 2 317 788 E-mail: info@cal.lk
WealthTrust Securities PLC No. 102/1, Dr. N. M. Perera Mawatha, Colombo 08. Tel: +94 11 2 675 091 – 4 Fax: +94 11 2 689 605 E-mail: info@wealthtrust.lk	

ANNEXURE III - CUSTODIAN BANKS

Bank of Ceylon (Head Office) 11th Floor, No. 04, Bank of Ceylon Mawatha, Colombo 01. T: +94 11 2 204 064	**Citi Bank N. A.** No. 65 C, Dharmapala Mawatha, Colombo 07. T: +94 11 4 794 733
Commercial Bank of Ceylon PLC Commercial House, No. 21, Sir Razik Fareed Mawatha, Colombo 01. T: +94 11 2 430 000	**Deutsche Bank** Level 21, One Galle Face Tower, No. 1A, Centre Road, Galle Face, Colombo 02. T: +94 11 4 791 103
DFCC Bank PLC No. 73/5, Galle Road, Colombo 03. T: +94 112 442 031	**Hatton National Bank PLC** HNB Towers, No. 479, T. B. Jayah Mawatha, Colombo 10. T: +94 77 7 712 406
Hong Kong & Shanghai Banking Corporation Limited No. 24, Sir Baron Jayathilake Mawatha, Colombo 01. T: +94 11 4 451 275	**Nations Trust Bank PLC** No. 46/58, Nawam Mawatha, Colombo 02. T: +94 11 4 313 131
National Development Bank PLC No. 40, Navam Mawatha, Colombo 02. T: +94 2 448 448	**Pan Asia Banking Corporation PLC (Head Office)** No. 450, Galle Road, Colombo 03. T: +94 11 2 565 565
People's Bank (Head Office) People's Tower, No. 374, Dr. Colvin R. de Silva Mawatha, Colombo 02. T: +94 11 3 740 740	**Sampath Bank PLC** No. 110, Sir James Peiris Mawatha, Colombo 02. T: +94 11 5 406 939
Seylan Bank PLC Level 7, Seylan Towers, 90, Galle Road, Colombo 03. T: +94 11 2 456 701	**Standard Chartered Bank** No. 37, York Street, Colombo 01. T: +94 11 2 480 450
State Bank of India No. 16, Sir Baron Jayathilake Mawatha, P O Box 93, Colombo 01. T: +94 11 4 622 350	**Union Bank of Colombo PLC** No. 64, Galle Road, Colombo 03. T: +94 11 2 374 205

ANNEXURE IV – FATCA DECLARATION

Manager

DFCC Bank 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 DFCC Bank 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 DFCC Bank 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 Applicant/s


DFCC BANK
Keep Growing