

Prospectus

COMMERCIAL BANK OF CEYLON PLC
Debenture Issue 2016

 COMMERCIAL BANK

COMMERCIAL BANK OF CEYLON PLC

PROSPECTUS

AN INITIAL ISSUE OF FIFTY MILLION (50,000,000) LISTED, RATED, UNSECURED, SUBORDINATED, REDEEMABLE DEBENTURES AT AN ISSUE PRICE OF LKR 100/- EACH TO RAISE SRI LANKAN RUPEES FIVE BILLION (LKR 5,000,000,000/-) WITH AN OPTION TO ISSUE UP TO A FURTHER TWENTY MILLION (20,000,000) OF SAID DEBENTURES TO RAISE UP TO SRI LANKAN RUPEES TWO BILLION (LKR 2,000,000,000/-), AT THE DISCRETION OF THE BANK, IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ISSUE.

MAXIMUM ISSUE OF DEBENTURES WILL NOT EXCEED SEVENTY MILLION (70,000,000) OF THE SAID DEBENTURES, NOT EXCEEDING SRI LANKAN RUPEES SEVEN BILLION (LKR 7,000,000,000/-).

TO BE LISTED ON THE COLOMBO STOCK EXCHANGE

Rated AA- (Ika) by Fitch Ratings Lanka Limited

Issue opens on
October 24, 2016

Managers to the Issue:
Commercial Bank of Ceylon PLC
Investment Banking Unit
"Commercial House"
No. 21, Sir Razik Fareed Mawatha,
P.O. Box 856,
Colombo 01,
Sri Lanka.
Tel: +94 (0) 11 2 334 643
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E-mail: Investment_Banking@combank.net

RESPONSIBILITY FOR THE CONTENT OF THE PROSPECTUS

The Directors of Commercial Bank of Ceylon PLC (the Bank), collectively and individually, having made all reasonable enquiries confirm that to the best of their knowledge and belief, that this Prospectus contains all information with respect to the Bank, which is material in the context of the Issue; that the information contained herein is true and correct in all material respects and is not misleading; that there are no other material facts, the omission of which would, make any statement contained herein misleading; that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions.

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 their 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 any responsibility for any investment decisions made by investors based on information contained herein. In making an investment decision, prospective investors are advised to read the Prospectus and rely on their own examination and assessments of the Bank and the terms of the Debentures issued including the risks involved.

IF YOU ARE IN ANY DOUBT REGARDING THE CONTENTS OF THIS DOCUMENT OR IF YOU REQUIRE ANY ADVICE IN THIS REGARD, YOU SHOULD CONSULT YOUR BANK MANAGER, STOCK BROKER, LAWYER OR ANY OTHER PROFESSIONAL ADVISOR.

THE DELIVERY OF THIS PROSPECTUS SHALL NOT UNDER ANY CIRCUMSTANCES 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.

THE COLOMBO STOCK EXCHANGE (THE '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 OR REPORTS INCLUDED IN THIS PROSPECTUS. MOREOVER, THE CSE DOES NOT REGULATE THE PRICING OF THE DEBENTURES WHICH IS DECIDED SOLELY BY THE ISSUER.

REGISTRATION OF THE PROSPECTUS

This Prospectus is dated October 14, 2016

A copy of this Prospectus has been delivered for registration with the Registrar of Companies in Sri Lanka in accordance with the Companies Act No. 07 of 2007 (the 'Companies Act'). The following documents were attached to the copy of the Prospectus delivered to the Registrar of Companies in Sri Lanka:

1. The written consent by the Managers, Auditors and Reporting Accountants, Lawyers, Bankers, Trustee, Rating Agency and Registrars to the Issue and the Company Secretary for the inclusion of their respective names in the Prospectus;
2. A declaration to the effect that the Managers, Auditors and Reporting Accountants, Lawyers, Bankers, Trustee, Rating Agency and Registrars to the Issue and the Company Secretary have not withdrawn their consent referred to above, prior to the delivery of the Prospectus to the Registrar of Companies in Sri Lanka;

A statutory declaration in terms of the Companies Act, to the effect that each Director has read the provisions of the Companies Act and the Listing Rules of the Colombo Stock Exchange relating to the Issue of a Prospectus and that those provisions have been complied with, is endorsed on this Prospectus.

REPRESENTATION

The Debentures are issued solely on the basis of the information and representations contained in this Prospectus. No person is authorised to give any information or make any representation not contained in this Prospectus in connection with the Issue and if given or made, any such information or representation must not be relied upon as having been authorised by the Bank.

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

For further inquiries please contact the Managers to the Issue:

Commercial Bank of Ceylon PLC
Investment Banking Unit
"Commercial House"
No. 21, Sir Razik Fareed Mawatha,
P.O. Box 856,
Colombo 01,
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Tel: +94 (0) 11 2 334 643
Fax: +94 (0) 11 2 335 385
E-mail: Investment_Banking@combank.net

FORWARD LOOKING STATEMENTS

Any statements included in this Prospectus that are not statements of historical facts 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, 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 to 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.

IMPORTANT

All applicants should indicate in the application for Debentures, their Central Depository Systems (Private) Ltd. (CDS) account number.

In the event the name, address or NIC number/passport number/company registration number of the applicant mentioned in the application form differs from the name, address or NIC number/passport number/company registration number as per the CDS records, the name, address or NIC number/passport number/company registration number as per the CDS records will prevail and be considered as the name, address or NIC number/passport number/company registration number of such applicant. Therefore, applicants are advised to ensure that the name, address or NIC number/passport number/company registration number mentioned in the application form tallies with the name, address or NIC number/passport number/company registration number given in the CDS account as mentioned in the application form.

As per the directive of the Securities and Exchange Commission of Sri Lanka made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the CDS dated November 30, 2010, all Debentures are required to be directly deposited in to the CDS. To facilitate compliance with this directive, all applicants are required to indicate their CDS account number in the application form.

In line with this directive, THE DEBENTURES ALLOTTED TO AN APPLICANT WILL BE DIRECTLY DEPOSITED IN THE CDS ACCOUNT OF SUCH APPLICANT, the details of which is indicated in his/her 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.

PLEASE NOTE THAT DEBENTURE CERTIFICATES WILL NOT BE ISSUED

Applicants who wish to open a CDS account, may do so through a Member/Trading Member of the CSE as set out in Annexure B or through any Custodian Bank as set out in Annexure C of this Prospectus.

SALIENT FEATURES OF THE ISSUE

Issuer	: Commercial Bank of Ceylon PLC
Instrument	: Listed, Rated, Unsecured, Subordinated, Redeemable Debentures
Issue Rating	: AA- (Ika) by Fitch Ratings Lanka Limited
Issuer Rating	: AA (Ika)/Stable by Fitch Ratings Lanka Limited
Number of Debentures to be Issued	: An initial Issue of Fifty Million (50,000,000) Listed, Rated, Unsecured, Subordinated, Redeemable Debentures with an option to issue up to a further Twenty Million (20,000,000) of the said Debentures (at the discretion of the Bank, in the event of an over subscription of the initial Issue of 50,000,000 Debentures).
Total Value of the Issue	: Sri Lankan Rupees Five Billion (LKR 5,000,000,000/-) with an option to issue up to a further Sri Lankan Rupees Two Billion (LKR 2,000,000,000/-) at the discretion of the Bank in the event of an oversubscription of the initial LKR 5,000,000,000/-
Par/Issue Value of a Debenture	: LKR 100/- (Sri Lankan Rupees One Hundred)
Tenure	: Type A – 5 years Type B – 10 years
Interest Rate	: Type A Fixed interest rate of Twelve per centum (12.00%) p.a. (AER 12.36%) payable semi-annually Type B Fixed interest rate of Twelve point Two Five per centum (12.25%) p.a. (AER 12.63%) payable semi-annually
Issue Opening Date	: October 24, 2016 (However, applications may be submitted forthwith)
Issue Closing Date	: November 10, 2016 Subject to the provisions contained below, the subscription list for the Debentures pursuant to this Prospectus will open at 9.30 a.m. on October 24, 2016 and shall remain open for 14 Market Days until closure at 4.30 p.m. on November 10, 2016. However, the subscription list will be closed on an earlier date with notification to the CSE on the occurrence of any of the following events: <ul style="list-style-type: none">– The maximum of 70,000,000 Debentures being fully subscribed; or– The Board of Directors of the Bank deciding to close the Issue upon the initial Issue of 50,000,000 Debentures becoming fully subscribed. In the event the Board of Directors of the Bank decides to exercise the option to further issue up to 20,000,000 Debentures (on the initial Issue of 50,000,000 Debentures being fully subscribed) but subsequently decides to close the subscription list upon part of the further Issue of 20,000,000 Debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day.

SALIENT FEATURES OF THE ISSUE

Minimum Subscription : The minimum subscription per application is Rupees Ten Thousand (LKR 10,000/-) or One Hundred (100) Debentures.

Applications in excess of the minimum subscription shall be in multiples of Rupees Ten Thousand (LKR 10,000/-) or One Hundred (100) Debentures

Interest Payment Dates : **Type A and B Debentures**

At the expiry of Six (6) months from the Date of Allotment and every Six (6) months thereafter in each year from the Date of Allotment up to the Date of Redemption and includes the Date of Redemption. First interest payment date will be Six (6) months from the Date of Allotment.

Interest would be paid not later than Three (3) Market Days of the date on which interest becomes due.

The final interest payment will be paid together with the Principal sum within Three (3) Market Days of the Date of Redemption.

Method of Payment of Principal Sum and Interest

: By cheque marked 'Account Payee Only' or through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka such as SLIPS and RTGS. Payments will be made via electronic fund transfer mechanisms in the event accurate bank account details are provided to the CDS by the applicant. RTGS transfers however could be affected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers (i.e. LKR 5,000,000/- as of the date of this Prospectus).

Basis of Allotment

: In the event of oversubscription, the basis of allotment will be decided by the Board of Directors of the Bank in a fair manner within Seven (7) Market Days from the Issue Closing Date and will be announced to the CSE.

The Board however reserves the right to allocate up to 50% of the issue value on a preferential basis, to identified large-scale investors of strategic importance to the Bank.

Listing

: The Debentures will be listed on the Colombo Stock Exchange

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1.0 GLOSSARY OF ABBREVIATIONS

AER	: Annual Effective Rate
ATS	: Automated Trading System of the Colombo Stock Exchange
AWPLR	: Average Weighted Prime Lending Rate
Bn.	: Billions
CAR	: Capital Adequacy Ratio
CBSL	: Central Bank of Sri Lanka
CBC/the Bank/ the Company/the Issuer	: Commercial Bank of Ceylon PLC
CDS	: Central Depository Systems (Private) Limited
CSE	: Colombo Stock Exchange
Mn.	: Millions
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
SIA	: Securities Investment Account
SLIPS	: Sri Lanka Interbank Payment System

2.0 DEFINITIONS RELATED TO THE ISSUE

Applicant/s	: Any person who submits an Application under this Prospectus.
Application Form/ Application	: The application form that constitutes part of this Prospectus through which an Applicant may apply for the Debentures.
Date of Allotment	: The date on which the Debentures will be allotted by the Bank to the Applicants subscribing thereto.
Date of Maturity	: On completion of Five (5) years for Type A Debentures and on completion of Ten (10) years for Type B Debentures from the Date of Allotment.
Date of Redemption	: The date on which redemption of Debentures will take place as referred to in Section 5.8 of this Prospectus.
Debenture Holder	: The holders of the Debentures specified in this Prospectus whose name appears in the Debenture Holders Register.
Debentures	: Listed, Rated, Unsecured, Subordinated, Redeemable Debentures to be issued pursuant to this Prospectus.
Due Date of Interest	: The dates on which the interest payments shall fall due in respect of the Debentures.
Entitlement Date	: The Market Day immediately preceding the Interest Payment Date or Date of Redemption.
Final Interest Period	: The period commencing from the date immediately succeeding 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). Final interest payment date will be Five (5) years for Type A Debentures and Ten (10) years for Type B Debentures from the Date of Allotment.
Interest Payment Date/s	: Type A & B Debentures At the expiry of Six (6) months from the Date of Allotment and every Six (6) months thereafter in each year from the Date of Allotment up to the Date of Redemption and includes the Date of Redemption. First interest payment date will be Six (6) months from the Date of Allotment. Interest would be paid not later than Three (3) Market Days of the date on which interest becomes due.
First Interest Period	: The period commencing from the Date of Allotment and ending on the First Interest Payment Date (inclusive of the aforementioned commencement date and the end date). First Interest Payment date will be at the expiry of Six (6) months from the Date of Allotment.
Interest Period	: The Six (6) month period commencing from the date immediately succeeding a particular Interest Payment Date and ending on the next Interest Payment Date (inclusive of the aforementioned commencement date and end date).
Market Day	: Any day on which the CSE is open for trading.

2.0 DEFINITIONS RELATED TO THE ISSUE

Issue	: The offer of Debentures pursuant to this Prospectus.
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Issue Opening Date	: October 24, 2016 (However, Applications may be submitted forthwith)
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Issue Closing Date	: Subject to the provisions contained below, the subscription list for the Debentures pursuant to this Prospectus will open at 9.30 a.m. on October 24, 2016 and shall remain open for 14 Market Days until closure at 4.30 p.m. on November 10, 2016. The subscription list will be closed on an earlier date with notification to the CSE on the occurrence of any of the following events: <ul style="list-style-type: none">– The maximum of 70,000,000 Debentures being fully subscribed; or– The Board of Directors of the Bank deciding to close the Issue upon the initial Issue of 50,000,000 Debentures becoming fully subscribed In the event the Board of Directors of the Bank decides to exercise the option to issue further up to 20,000,000 Debentures (on the initial Issue of 50,000,000 Debentures being fully subscribed) but subsequently decides to close the subscription list upon part of the further Issue of 20,000,000 Debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day.
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Issue Price	: LKR 100/- per Debenture.
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Non-Resident/s	: Foreign institutional investors, corporate bodies incorporated outside Sri Lanka, individuals residing outside Sri Lanka and Sri Lankans residing outside Sri Lanka.
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Par Value	: LKR 100/- per Debenture.
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Prospectus	: This Prospectus dated October 14, 2016 issued by Commercial Bank of Ceylon PLC.
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Redemption	: Repayment of the principal amount due on these Debentures (Refer section 5.8).
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Register	: The Register of the Debenture Holders to be kept by Registrar to the Issue.
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Subordinated	: The claims of the Debenture Holders shall, in the event of the winding up of the Bank, rank after all the claims of holders of senior debt and claims of secured and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank but shall rank in priority to and over the claims and rights of the ordinary and preference Shareholder/s of the Bank.
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Trust Deed	: Trust Deed executed between the Bank and Deutsche Bank AG, Colombo Branch on September 28, 2016.
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Trustee	: Deutsche Bank AG, Colombo Branch
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Unsecured	: Repayment of the principal sum and payment of interest on the Debentures are not secured by a charge on any assets of the Bank.
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Working Day	: Any day (other than a Saturday or a Sunday or any statutory holiday) on which the Banks are open for business in Sri Lanka.
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3.0 CORPORATE INFORMATION

Issuer	: Commercial Bank of Ceylon PLC
Legal Status	: A public limited liability company incorporated in Sri Lanka on June 25, 1969 under the Companies Ordinance No. 51 of 1938 and quoted on the Colombo Stock Exchange in March 1970. The Company was re-registered on January 23, 2008 under the Companies Act No. 07 of 2007. A Licensed Commercial Bank under the Banking Act No. 30 of 1988.
Company Registration No.	: PQ 116
Place of Incorporation	: Colombo, Sri Lanka
Registered Office	: Commercial House No. 21, Sir Razik Fareed Mawatha, P.O. Box 856, Colombo 01, Sri Lanka. Tel: +94 (0) 11 2 486 000 +94 (0) 11 4 486 000 +94 (0) 11 7 486 000 +94 (0) 11 5 486 000 Fax: +94 (0) 11 2 449 889
Company Secretary	: Mrs. Ranjani Gamage, Attorney-at-Law Commercial Bank of Ceylon PLC "Commercial House" No. 21, Sir Razik Fareed Mawatha, P.O. Box 856, Colombo 01, Sri Lanka. Tel: +94 (0) 11 2 339 838
Board of Directors	: Mr. K.G.D.D. Dheerasinghe (Chairman) Mr. M.P. Jayawardena (Deputy Chairman) Mr. J. Durairatnam (Managing Director/Chief Executive Officer) Mr. S. Swarnajothi Mr. S. Renganathan Prof. A.K.W. Jayawardane Mr. K. Dharmasiri Mr. L.D. Niyangoda Ms. N.T.M.S. Cooray Mr. G.S. Jadeja

4.0 RELEVANT PARTIES TO THE ISSUE

Managers to the Issue	: Commercial Bank of Ceylon PLC Investment Banking Unit “Commercial House” No. 21, Sir Razik Fareed Mawatha, P.O. Box 856, Colombo 01, Sri Lanka. Tel: +94 (0) 11 2 334 643 +94 (0) 11 4 718 248 +94 (0) 11 2 486 491-4, +94 (0) 11 2 486 489/99 Fax: +94 (0) 11 2 335 385
Registrars to the Issue	: SSP Corporate Services (Private) Limited No. 101, Inner Flower Road, Colombo 03, Sri Lanka. Tel: +94 (0) 11 2 573 894 Fax: +94 (0) 11 2 573 609
Lawyers to the Issue	: M/s Julius and Creasy No. 41, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel: +94 (0) 11 2 422 601 (5 Lines) +94 (0) 11 4 335 159 (4 Lines) Fax: +94 (0) 11 2 446 663/2 435 451
Bankers to the Issue	: Commercial Bank of Ceylon PLC “Commercial House” No. 21, Sir Razik Fareed Mawatha, P.O. Box 856, Colombo 01, Sri Lanka. Tel: +94 (0) 11 2 334 643 +94 (0) 11 4 718 248 +94 (0) 11 2 486 491-4, +94 (0) 11 2 486 489/99 Fax: +94 (0) 11 2 335 385
Rating Agency to the Issue	: Fitch Ratings Lanka Limited No. 15-4, East Tower, World Trade Centre Colombo 01, Sri Lanka. Tel: +94 (0) 11 2 541 900 Fax: +94 (0) 11 2 501 903
Trustees to the Issue	: Deutsche Bank AG, Colombo Branch No. 86, Galle Road, Colombo 03, Sri Lanka. Tel: +94 (0) 11 4 791 114 Fax: +94 (0) 11 2 343 336
Auditors and Reporting Accountants	: M/s KPMG Chartered Accountants, No. 32A, Sir Mohamed Macan Markar Mawatha, Colombo 03, Sri Lanka. Tel: +94 (0) 11 5 426 426 Fax: +94 (0) 11 2 445 872

5.0 PRINCIPAL FEATURES OF THE ISSUE

5.1 INVITATION TO SUBSCRIBE

The Board of Directors of Commercial Bank of Ceylon PLC ('the Board') by the resolutions dated August 01, 2016 and August 26, 2016 resolved to raise a sum of Rupees Five Billion (LKR 5,000,000,000/-) by an initial Issue of up to Fifty Million (50,000,000) Debentures, each with a par value of Rupees One Hundred (LKR 100/-) with the option to raise a further sum of Rupees Two Billion (LKR 2,000,000,000/-) by issuing a further Twenty Million (20,000,000) Debentures, in the event of an over subscription of the initial Issue.

As such, a maximum amount of Rupees Seven Billion (LKR 7,000,000,000/-) will be raised by issuing a maximum of Seventy Million (70,000,000) Debentures each with the Par Value of Rupees One Hundred (LKR 100/-).

The Bank hereby invites the public to make applications for the Debentures (Types A and B) which shall rank equal and pari passu with each other, apart from interest rate and tenor without any preference or priority of any one over the others. (Please refer Section 5.4 and 5.5 for further details regarding the Debentures)

The rights of the Debenture Holders with respect to payment of the principal sum and accrued interest due thereon shall, in the event of the winding up of the Bank rank after all the claims of holders of senior debt and claims of secured and other unsecured creditors of the Bank and any preferential claims under any statutes governing the Bank but shall rank in priority to and over the claims and rights of the ordinary and preference Shareholder/s of the Bank.

It is the intention of the Bank to list the Debentures on the CSE. The CSE has given its 'in principle' approval for the listing of the Debentures on the CSE.

5.2 SUBSCRIPTION LIST

Subject to the provisions contained below, the subscription list for the Debentures pursuant to this Prospectus will open at 9.30 a.m. on October 24, 2016 and shall remain open for 14 Market Days (including the Issue Opening Date) until closure at 4.30 p.m. on November 10, 2016.

The subscription list will be closed prior to November 10, 2016 at 4.30 p.m. with notification to the CSE on the occurrence of the following:

- (a) The maximum of 70,000,000 Debentures being fully subscribed; or
- (b) The Board of Directors of the Bank deciding to close the Issue upon the initial Issue of 50,000,000 Debentures becoming fully subscribed.

In the event the Board of Directors of the Bank decides to exercise the option to issue further up to 20,000,000 Debentures (having fully subscribed the initial Issue of 50,000,000 Debentures) but subsequently decides to close the subscription list upon part of the further Issue of 20,000,000 Debentures becoming subscribed, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day.

5.3 OBJECTIVES OF THE ISSUE

- (a) The entire quantum of funds raised through the Debenture Issue will be utilised to finance expansion by increasing the lending portfolio of the Bank within 12 months from the Date of Allotment. The Bank will obtain Board Investment Committee approval to invest the Debenture Issue funds in Treasury Bills and/or Treasury Bonds until utilised for the above stated objective.
- (b) Subordinated funds raised through the Debenture Issue are expected to further improve the Capital Adequacy of the Bank's Balance Sheet by increasing its Tier II Capital base thus strengthening its Total Eligible Capital. This improvement will materialise subsequent to allotment of the Debentures.

5.0 PRINCIPAL FEATURES OF THE ISSUE

CAPITAL ADEQUACY RATIO (CAR) OF THE BANK AND EFFECT OF PROPOSED DEBENTURE ISSUE ON THE CAR

All in LKR Millions	As at 30.06.2016	Adjusted position as at 30.06.2016 (With the New Debenture Issue)	
		LKR 5 Billion	LKR 7 Billion
Total Eligible Capital	92,751	97,751	99,751
Total Capital – Minimum requirement 10%	15.43%	16.26%	16.60%

(c) The Debenture Issue will reduce maturity gaps in the Bank's Balance Sheet as and when the proceeds from the Debentures are utilised as depicted under Objective (a).

The Bank will disclose the progress of the utilisation of funds raised through this Debenture Issue in future interim and annual financial statements, in the format presented below, until these funds are fully utilised for the objectives stated in the Prospectus. If due to some unforeseen reason these funds are not utilised as proposed, the Bank will seek approval/s from the relevant parties and regulators.

Objective number	Objective as Per Prospectus	Amount allocated as Per prospectus in LKR	Proposed date of Utilisation as Per prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amounts utilised in LKR (B)	% of utilisation against allocation (B/A)	Clarification if not fully utilised
1	Expansion of the lending portfolio	7.0 Bn	Within 12 months from date of receipt of cash flows	7.0 Bn	100%	–	–	–
2	Improve the Tier II capital base thus, increasing the Capital Adequacy Ratio (CAR)	7.0 Bn	With effect from close of issue	7.0 Bn	100%	–	–	–
3	Reduce Maturity gaps in the Assets and Liabilities of the Bank	7.0 Bn	Within 12 months from date of receipt of cash flows as and when funds are disbursed for lending	7.0 Bn	100%	–	–	–

If amounts differ due to under/over subscription, the Bank may reflect changes as warranted.

No shareholder approval will be required for the financing of expansion and/or the investment in Treasury Bills or Treasury Bonds as described below in 'Risks related to achieving the objectives of the Issue'. The funds will not be used for Related Party Transactions.

The Bank does not require the shareholder approval for the Issue and Listing of the Debentures.

CBSL approval is required to include the value of Debentures under Tier II Capital. The Bank has obtained approval from the Central Bank of Sri Lanka (CBSL) to include the value of the Debentures under Tier II Capital.

5.0 PRINCIPAL FEATURES OF THE ISSUE

The Bank utilises a pool of funds, mainly raised through deposits, to finance loan disbursements. The Bank has achieved a net deposit growth of LKR 60 Bn. for the 6 months ending August 2016 with an average deposit mobilisation of LKR 10 Bn. per month. Therefore, dependency on Debenture proceeds to enhance the lending portfolio of the Bank is relatively small.

As in the normal course of business, the Bank intends to utilise the proceeds raised from the Debenture Issue as part of its funding sources to disburse advances to increase its diversified lending portfolio which is focused on market segments such as tourism, exports, construction, manufacturing and trading as well as to retail, consumption and housing, amongst other market segments.

The Bank has recorded a loan book growth of LKR 7 Bn. on average per month for the 6 months ending August 2016 and expects primarily to disburse the Debenture proceeds to the market segments mentioned above with approximate values being, Construction – LKR 1 Bn., Exports – LKR 1.5 Bn., Tourism – LKR 1 Bn. and Manufacturing & Trading – LKR 2.0 Bn. with funds distributed to other sectors if there is insufficient demand from the identified market segments.

As described above, the approximate disbursement values and the market segments stated in the preceding paragraph may vary with actual disbursements being made to meet lending opportunities available in the time period in which the Debenture proceeds are proposed to be disbursed.

RISKS RELATED TO ACHIEVING THE OBJECTIVES OF THE ISSUE

The funds raised through the Debenture Issue will be utilised to finance expansion by increasing the lending book of the Bank. In case the funds raised through the Debenture Issue are not utilised to meet the above stated objective, due to any unforeseen change in the business environment, the Bank will continue to hold the funds in Treasury Bills and/or Treasury Bonds as the case may be.

Considering the loan book growth experienced by the Bank it is unlikely that the funds raised through the Debenture Issue will not be utilised for the stated purpose during the stipulated time period. Even if the funds raised through the Debenture Issue are not utilised for expansion, it is expected that the other objectives of the Debenture Issue (such as improving the Capital Adequacy Ratio and reducing maturity gaps in the Balance Sheet) will be achieved.

5.4 DEBENTURE TYPES

Type A : Fixed interest rate of Twelve per centum (12.00%) p.a. (AER 12.36%) payable semi-annually from the Date of Allotment until the expiry of Five (5) years from the Date of Allotment on the principal sum of Debentures.

The tenor of the Debentures will be Five (5) years.

Type B : Fixed interest rate of Twelve point Two Five per centum (12.25%) p.a. (AER 12.63%) payable semi-annually from the Date of Allotment until the expiry of Ten (10) years from the Date of Allotment on the principal sum of Debentures.

The tenor of the Debentures will be Ten (10) years.

5.0 PRINCIPAL FEATURES OF THE ISSUE

5.5 INTEREST

Debentures specified in Section 5.4 above of this Prospectus are entitled to receive interest in the following manner;

Type A : Interest on Debentures will be paid at a fixed rate of 12.00% per annum (AER 12.36%) on the principal sum semi-annually from the Date of Allotment until the redemption/maturity of the principal sum. The final interest payment will be made together with the principal sum within Three (03) Market Days from the Date of Redemption/maturity.

Type B : Interest on Debentures will be paid at a fixed rate of 12.25% per annum (AER 12.63%) on the principal sum semi-annually from the Date of Allotment until the redemption/maturity of the principal sum. The final interest payment will be made together with the principal sum within Three (03) Market Days from the Date of Redemption/maturity.

Interest calculation on the Debentures for a particular Interest Period shall be based upon the actual number of days in such Interest Period (actual/actual). Interest payment will be paid not later than Three (03) Working Days from the date on which interest becomes due.

Investors who want to receive their interest payments to be made using Real Time Gross Settlement System (RTGS) should disclose their bank account details in the Application Form while ensuring that identical bank account details are provided to the CDS, since the relevant payments will be made based on the Bank Account details provided to the CDS.

Non-resident Applicants should ensure that their SIA accounts through which they make payment to purchase the Debentures is recorded in the CDS as the relevant SIA account to which interest payments and redemption proceeds are to be sent, in order for the interest payments and redemption proceeds to be sent to the aforementioned SIA accounts.

In order to accommodate the Debenture interest cycles in the CDS, the payment of interest for a particular Interest Payment Date will include the Debenture Holders holding Debentures in the ATS as at the Entitlement Date. However, the interest for a particular Interest Payment Date will be calculated including the due date of the interest payment. If the Entitlement Date is a holiday, interest shall be calculated including the Entitlement Date.

5.6 PAYMENT OF PRINCIPAL SUM AND INTEREST

The Bank will redeem the Debentures on the respective Date of Redemption/Maturity as specified in Section 5.8 and the interest payments will be made as specified in Section 5.5.

Payment of the 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.

The interest as at the Interest Payment Dates and the principal as at respective Maturity dates will be sent by post to the registered address of the Debenture Holders (and in the case of joint Debenture Holders to the one whose name stands first in the Register of Debenture Holders on the date of payment) not later than Three (03) Market Days thereon. Payments of the principal sum and interest will be made through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka to a bank account details of which have been provided to the CDS by the Applicants, such as SLIPS and RTGS if accurate bank details have been provided to the CDS, or in the event accurate bank details have not been provided by crossed cheque marked 'Account Payee Only' posted under registered cover to the addresses provided by the Debenture Holders to the CDS at the risk of the Debenture Holders.

5.0 PRINCIPAL FEATURES OF THE ISSUE

However, in the event such payment is over the maximum amount that can be accommodated through an electronic fund transfer mechanism such as SLIPS recognised by the banking system of Sri Lanka such payments will be made via RTGS mechanism or if the Debenture Holder has not provided to the CDS accurate and correct details of his/her bank account for the payment of principal sum and interest, such payment to the Debenture Holder will be made by way of a crossed cheque marked 'Account Payee Only' posted under registered cover to the addresses provided by the Debenture Holders to the CDS at the risk of the Debenture Holders.

The payment of interest will be made in Sri Lankan Rupees in favour of the Debenture Holders as of the Entitlement Date (in the case of joint Debenture Holders to the one whose name stands first in the Register of Debenture Holders). The payments of principal sum and accrued interest payable on the redemption of Debentures will be made in Sri Lankan Rupees in favour of the Debenture Holders as at end of trading on the day immediately preceding the Date of Redemption/maturity (in the case of joint Debenture Holders to the one whose name stands first in the register of Debenture Holders).

It is the responsibility of a Non-Resident and foreign investor to ensure that their SIA details through which they invest for Debentures is recorded correctly against the records in CDS to dispatch their Debenture interest payments.

5.7 TAXES WITH REGARD TO INTEREST PAYMENT ON LISTED DEBENTURES

As per the Section 9 (o) of the Inland Revenue Act No. 10 of 2006 as amended by Section 4 of the Inland Revenue (Amendment) Act No. 18 of 2013 with effect from April 1, 2013 the interest income arising to any person from any investment made on or after January 1, 2013 in any Corporate Debt Security, quoted in any Stock Exchange licensed by the SEC is exempt from income tax. Furthermore, as per the Section 13 (Amendment) of the Inland Revenue Act No. 10 of 2006 as amended by Section 5 of the Inland Revenue (Amendment) Act No. 18 of 2013 with effect from April 1, 2013, profits and income arising to any person from any investment made on or after January 1, 2013 in any Corporate Debt Security, quoted in any Stock Exchange licensed by the SEC also has been exempted from income tax.

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

5.8 REDEMPTION

The Bank shall redeem the Debentures on the expiry of its tenure from the Date of Allotment. On the respective dates of maturity the Bank shall in accordance with the provisions contained in the Trust Deed pay to the Debenture Holders the principal amount (redeemed at par) of the Debentures which are to be redeemed (if any) and accrued interest (if any) payable on the redemption of Debentures remaining unpaid through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka to a bank account provided to the CDS by the Applicants, such as SLIPS and RTGS if accurate bank details have been provided or in the event accurate bank details have not been provided by crossed cheque marked "Account Payee Only" posted in a registered cover to the addresses provided by the Debenture Holders to the CDS at the risk of the Debenture Holders in the event accurate bank details have not been provided.

The Debenture Holders shall not have any right or option to call for redemption of the Debentures before the date of redemption of such Debentures, except in the circumstances specified in the Trust Deed.

5.0 PRINCIPAL FEATURES OF THE ISSUE

These Debentures will not be redeemed by the Bank prior to maturity for any reason whatsoever except due to unforeseen circumstances beyond the control of the Bank. Repayment before maturity of the principal sum on a Debenture in any circumstance shall be subject to the prior written approval of the Director Bank Supervision of the CBSL and the approval of 3/4th of the Debenture Holders of each Type in nominal value of the Debentures outstanding when the principal sum is repaid before maturity.

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.

5.9 RATING OF THE DEBENTURE

Fitch Ratings Lanka Ltd. has assigned a Rating of AA- (Ika) to the Debentures.

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

5.10 BENEFITS OF INVESTING IN DEBENTURES TO AN INVESTOR

- Provides an opportunity to receive interest income while diversifying the existing investment portfolio.
- Provides an opportunity to earn a regular cash flow of interest payments on a semi-annual basis up to a fixed period of Five (5) years in the case of Type A or Ten (10) years in the case of Type B.
- Provides an opportunity to earn a fixed rate of interest in the case of Types A and B.
- Provides an opportunity to invest in Debentures issued by a leading bank in Sri Lanka.
- As explained above in Section 5.7 of this Prospectus, interest income and profit arising from the Debentures are exempted from income tax.
- Opportunity to realise capital gains according to interest rate fluctuations in the financial market. Further, if the investment is held to maturity, there will be no capital loss incurred.
- Listed Debentures have a secondary market, thus provide the investor with an exit option through the CSE and thereby bringing liquidity to these Debentures.

5.11 RIGHTS OF DEBENTURE HOLDERS

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

- Receiving principal sum at maturity and semi-annual interest at rates set out in Section 5.5 of this Prospectus.
- Ranking above the ordinary voting and non-voting shareholders and preference shareholders in the event of liquidation.
- Calling and attending meetings of Debenture Holders as set out in the Trust Deed.
- Receiving a copy of the Annual Report within 5 months from the financial year end.

In the event of the winding up of the Bank, the claims of the Debenture Holders will rank after all the claims of the secured and unsecured creditors of the Bank and the preferential claims under the statutes governing the Bank but in priority and over the claims and rights of ordinary and preference shareholders of the Bank.

5.0 PRINCIPAL FEATURES OF THE ISSUE

(b) Debenture holders are not entitled to the following rights:

- Attending and voting at meetings of holders of Shares and other Debentures.
- Sharing in the profits of the Bank;
- Participating in any surplus in the event of liquidation;
- Calling for redemption of Debenture before maturity, subject to provisions stated in the Trust Deed.

5.12 OBLIGATIONS OF DEBENTURE HOLDERS

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(s) 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 Holder(s).

5.13 RISKS INVOLVED IN INVESTING IN THE DEBENTURES

Unsecured, Subordinated, Redeemable Debentures do not carry a charge on a specific asset of the Bank and are redeemable only at the expiry of the maturity period.

SUBSCRIBERS TO THE DEBENTURES COULD BE EXPOSED TO THE FOLLOWING RISKS:

Interest Rate Risk

Provided all other factors are equal the market price of fixed rate Debentures will generally fluctuate if there is a change in 'market interest rates'. Thus as 'market interest rates' rise, the market price of Debentures may drop; and as 'market interest rates' drop, the price of Debentures may rise. 'Market interest rate' means the interest rates, which prevail at a given time for similar investments with a similar maturity and risk profile.

Price Risk

Price Risk is the risk arising from a change in the price/value of a Debenture from a movement in the interest rate environment. Price Risk could result in capital gains or losses to Debenture Holders depending on the direction of interest rate movement. In general, Price Risk will be more pronounced in fixed rate Debentures than in their floating rate counterparts.

Re-investment Risk

The Commercial Bank Debentures will pay interest on a semi-annual basis. The investor may decide to re-invest this interest payment and earn interest thereon. Depending on the prevailing interest rates in the market, the interest rates at which Debenture Holders could reinvest such interest may be higher or lower than the return Commercial Bank offers on the Debentures. This uncertainty is known as re-investment risk.

Call Risk

Debentures may have a call option on the Debentures giving the Issuer the right to replace the Debentures with a lower interest bearing security. The uncertainty of the Debenture investor thus being called upon to terminate the investment early is known as 'Call Risk'. However, the Commercial Bank Debentures do not carry this risk since Commercial Bank does not intend to exercise a call option on the Debentures.

5.0 PRINCIPAL FEATURES OF THE ISSUE

Default Risk

Default risk, also referred to as credit risk, means the risk that the issuer of Debentures may default, i.e., the issuer will not be able to pay interest and principal payments on a timely basis. Default risk is evaluated by Rating Agencies. Commercial Bank has been assigned a Rating of AA (lka)/stable (Issuer Rating) by Fitch Ratings Lanka Ltd.

The proposed Debenture Issue has been rated by Fitch Ratings Lanka Ltd. (the Rating Company to the Issue) which has assigned a Rating of AA- (lka) rating to the proposed Debenture issue. The Rating Certificate is given in Annexure A in this prospectus.

Liquidity Risk

Liquidity risk depends on the ease with which the Debentures can be sold after the initial placement. In order to reduce the liquidity risk the Company has applied and obtained in principle approval by the CSE for a listing of these Debentures on the CSE.

Duration Risk

The term duration has a special meaning in the context of Debentures. It is a measurement of how long, in years, it takes for the price of a debenture to be repaid by its internal cash flows. It is an important measure for investors to consider, as Debentures with higher durations carry more risk and have higher price volatility than Debentures with lower durations.

Winding up

The claims of the Debenture holders shall, in the event of the winding up of the Bank, rank after all the claims of holders of senior debt and claims of secured and other unsecured creditors of the Bank and any preferential claims under any statutes governing the Bank but shall rank in priority to and over the claims and rights of the ordinary and preference Shareholder/s of the Bank.

5.14 TRANSFER OF THE DEBENTURES

- (a) These Debentures shall be freely transferable 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 as long as the Debentures are listed on the CSE. Subject to the provisions contained herein the Issuer may register without assuming any liability 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
 - The survivor where the deceased was a joint holder; and
 - 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 recognised by the Issuer as having any title to his/her Debentures.
- (d) Any person becoming entitled to any Debenture 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 Issuer 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 Issuer, CDS, CSE and SEC.
- (e) No change of ownership in contravention to these conditions will be recognised by the Issuer.

5.0 PRINCIPAL FEATURES OF THE ISSUE

5.15 LISTING

An application has been made to the CSE and approved 'in principle' by the CSE to deal in and obtain listing for these Debentures set out in this Prospectus. It is the intention of the Bank to list the Debentures on the CSE upon the allotment thereof. However the CSE assumes no responsibility for the correctness of the statements made or opinions expressed or reports included in this Prospectus. Admission to the official list is not to be taken as an indication of the merits of the Bank or of the Debentures issued.

5.16 BROKERAGE

Brokerage at the rate of zero point one five per centum (0.15%) of the nominal value of the Debentures allotted will be paid to the Member/Trading Member in respect of the number of Debentures allotted on applications bearing the stamp of such Member/Trading Member.

5.17 COST OF THE ISSUE

The Board of Directors estimate that the total Cost of the Issue including brokerage, printing, advertising and other costs connected with the issue will be approximately LKR 25 Million. Such Issue costs will be funded by the internal funds of the Bank.

5.18 UNDERWRITING ARRANGEMENTS

The Bank has decided that the Issue will not be underwritten. In the event of the Issue being under subscribed, the subscribers will be allotted in full and the quantum of the funds generated from the Issue will be utilised for purposes detailed in Section 5.3 of this Prospectus. In the event the Issue is under subscribed, the Bank will use its other sources of funds including the internally generated funds, to achieve the specified objective.

5.19 PROSPECTUS AND APPLICATION FORMS

Copies of the Prospectus and the Application Forms may be obtained free of charge from the collection points listed in Annexure B. The Prospectus and the Application Forms may also be downloaded from the websites of the CSE and the Bank, viz. www.cse.lk and www.combank.net respectively.

5.20 TRUSTEE TO DEBENTURE HOLDERS

M/s Deutsche Bank AG, Colombo Branch have agreed to act as the Trustee for the Debenture Holders and M/s Deutsche Bank AG has certified/confirmed its compliance and fulfilment of the requirements specified under Section 2.2.1.(j) 'Appointment of Trustee' of the Listing Rules of the CSE. The Bank has entered into an agreement with the Trustee hereinafter called the 'Trust Deed'. Debenture Holders in their Application for subscription will be required to authorise the Trustee to act as their 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. The Debentures shall be subject to the terms and conditions and confer such rights as are incorporated in the said Trust Deed. The Trustee has no conflict of interest with the Bank except that the Trustee is one of the banks rendering banking related services to the Bank.

6.0 PROCEDURE FOR APPLICATION

6.1 WHO CAN APPLY

Applications for the subscription of Debentures are invited from the following categories of applicants:

- (a) Citizens of Sri Lanka who are resident within Sri Lanka and are above eighteen (18) years of age.
- (b) Companies, corporations or institutions incorporated or established within Sri Lanka.
- (c) Approved provident funds and approved contributory pension schemes registered/incorporated/established in Sri Lanka and who are authorised to invest in Debentures. Applications by these bodies must be in the name of the Trustee/Board of Management thereof.
- (d) Approved unit trusts licensed by SEC.
- (e) Non-Residents: Foreign institutional investors, corporate bodies incorporated outside Sri Lanka, individuals residing outside Sri Lanka and Sri Lankans residing outside Sri Lanka and above eighteen (18) years of age.
- (f) Regional and country funds approved by SEC and authorised to invest in Debentures.

The Bank will comply with the Exchange Control Act No. 24 of 1953 as amended and all regulations and directions published or issued thereunder when issuing and transferring Debentures to Non-Residents.

The Company will comply with the Exchange Control Act and all regulations published thereunder including those contained in the Government Gazette (Extraordinary) No. 1864/39 on May 28, 2014, Exchange Control Direction No. 06/04/18/2013 dated June 12, 2013 and all regulations published thereunder when issuing and transferring Debentures to Non-Residents.

Applications will NOT be accepted from individuals under the age of 18 years or if made in the names of Sole Proprietorships, Partnerships, Unincorporated Trusts or Unincorporated bodies of persons.

6.2 HOW TO APPLY

The terms and conditions applicable to the applicants are as follows:

- (i) Applications should be made on the Application Forms, issued with the Prospectus. Application Forms could also be downloaded from the Bank's website, www.combank.net and the CSE website, www.cse.lk (Exact size photocopies of Application Forms too would be accepted). Care must be taken to follow the instructions given herein and in the Application Form.

Applications that do not strictly conform to such instructions and the other conditions set out below or which are illegible or incomplete may be rejected.

- (ii) Applicants who wish to apply for all types of Debentures should apply under separate Application Forms for each type of Debentures they wish to apply for.
- (iii) Applicants should apply only for one Type of Debentures under one Application Form

In the event an Applicant wishes to apply for more than one Type of Debentures, separate Application Forms should be used. Once an Application Form has been submitted for a particular Type of Debentures, it will not be possible for an Applicant to switch between the Types of Debentures. More than one Application submitted by an Applicant under the same Type of Debentures will not be accepted. If more than one Application Form is submitted for one Type of 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.

6.0 PROCEDURE FOR APPLICATION

- (iv) Applications should be made for a minimum of One Hundred (100) Debentures (LKR 10,000/-). Applications exceeding the minimum 100 Debentures should be in multiples of One Hundred (100) Debentures (LKR 10,000/-). Applications for less than 100 Debentures will be rejected.
- (v) Multiple applications for the same type of Debentures will not be entertained. Separate Applications can be made for Debenture Types A and B by the same Applicant. The Issuer reserves the right to reject suspected multiple applications for any type of Debenture.
- (vi) Joint Applications may be made. An Applicant of a joint application will not be eligible to send a separate application individually or jointly applying for the same type of Debentures. Such Applicants are also deemed to have made multiple applications and will be rejected. Only one Application should be made for the benefit of any person or corporate body. In the case of joint Applications, the refund cheque (if any), interest payment and the redemption cheque will be drawn in favour of the First Applicant 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.

- (vii) Corporate Applicants registered/incorporated/established in Sri Lanka should have obtained the requisite internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and should be made under common seal or in any other manner as provided by the Articles of Association or such other constitutional documents of such Applicant or as per the statutes governing them. Applications by approved provident funds, approved contributory pension schemes registered/incorporated/established in Sri Lanka must be in the name of the trustee/board of management.
- (viii) In the case of Corporate Applicants, the common seal of the company should be affixed and attested if required by the Articles of Association of such applicant.
- (ix) Sri Lankan citizens should use their National Identity Card (NIC) number in the Debenture Application Form. The Passport Number can be stated only when the NIC number is not available. In the case of corporate entities incorporated in Sri Lanka the Company Registration Number must be given. In the case of corporate applicants the common seal of the company should be affixed and attested as required by the articles of association of such applicant.
- (x) Application Forms may be signed by a third party on behalf of the Applicant(s) provided that such person holds the Power of Attorney of the applicant(s). In the case of Applications made under Powers of Attorney, a copy of the said Power of Attorney, certified by a Notary Public as "True Copy" should be attached with the Application Form. The original of the Power of Attorney should not be attached.
- (xi) Remittance of 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 "Securities Investment Account" (SIA) of the Non-Residents opened and maintained in a licensed commercial bank in Sri Lanka in accordance with directions given by the Controller of Exchange in that regard to licensed commercial banks as per the Government Gazette (Extraordinary) No. 1864/39 dated May 28, 2014. An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the Applicant maintains the SIA, should be attached to the Application Form to the effect that such payment through bank draft/Bank Guarantee has been made out of the funds available in the SIA.

6.0 PROCEDURE FOR APPLICATION

- (xii) 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.
- (xiii) As per the Foreign Account Tax Compliance Act (“FATCA”), “US Persons” must provide the duly completed declaration as per the specimen given in Annexure D together with the Application Form. Under the provisions of FATCA, “US Persons” include:
- U.S. 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 U.S. territories
 - Non-U.S. entities that have at least one U.S. Person as a “substantial beneficial owner”
- (xiv) Applicants who wish to apply through their margin trading accounts should submit the application in the name of the “Margin Provider/Applicants name” signed by the margin provider. If the Applicant wishes the Debentures to be deposited in the CDS margin trading account the relevant CDS account number relating to the margin trading account should be indicated in the space provided in the Application Form. A copy 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 considered as multiple Applications.

ALL APPLICANTS SHOULD INDICATE THEIR CDS ACCOUNT NUMBER IN THE SPACE PROVIDED ON THE APPLICATION FORM

Please note that Applicant information such as full name, address, NIC number/passport number/company registration 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. Therefore, Applicants are advised to ensure that the full name, address, NIC number/passport number/company registration number and residency status mentioned in the Application Form tallies with the same provided in the CDS account mentioned in the Application Form.

In 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 the Applicant’s own CDS account number (except in the case of margin trading), will be rejected.

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

6.0 PROCEDURE FOR APPLICATION

Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible or incomplete 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 the 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. Please note that DEBENTURE CERTIFICATES SHALL NOT BE ISSUED.

Any Application which does not carry a valid CDS account number or indicates a number of a CDS account which is not opened at the time of the closure of the subscription list or which indicates an inaccurate/incorrect CDS account number, will be rejected and no allotment will be made.

You can open a CDS account through any member/trading member of the CSE as set out in Annexure B or through Custodian Banks set out in Annexure C.

Application Forms duly completed filled in accordance with the instructions thereof, together with the remittance (cheque, bank draft, bank guarantees) for full amount payable on application (if not submitting through RTGS) should be enclosed in a sealed envelope marked "Commercial Bank of Ceylon PLC – Debenture Issue 2016" on the top left-hand corner and be addressed to the Registrars to the Issue (the address of which is stated below) and dispatched by post or courier or delivered by hand to either the Registrars to the Issue or the collection points set out in Annexure B.

Registrars to the Issue

SSP Corporate Services (Private) Ltd.

No. 101, Inner Flower Road,
Colombo 03, Sri Lanka

Persons who are not certain of the method of remittance should consult Bankers, Brokers, Managers to the Issue and Registrars to the Issue.

All Applications dispatched by post or courier or delivered by hand to any collection point set out in Annexure B should reach the office of the Registrars to the Issue at least by 4.30 p.m. on the closing day of the Issue. Applications received after the said period will be rejected even though they have been delivered to any collection point 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 after the issue is closed will be rejected.

If cheques are not realised within Two (2) Market Days of the Closure of the Issue, such Applications may be rejected in order to facilitate the completion of the allotment within Seven (7) Market Days of the closure of the Issue.

Applications delivered by hand after the Issue is closed will be rejected.

6.3 MINIMUM APPLICATION

Applications should be made for a minimum of One Hundred (100) Debentures (LKR 10,000/-) or in multiples of One Hundred (100) Debentures (LKR 10,000/-) thereafter. Any Application for less than One Hundred (100) Debentures will be rejected. Any Application for more than One Hundred (100) Debentures but not in a multiple of One Hundred (100) will be rejected.

6.0 PROCEDURE FOR APPLICATION

6.4 MODE OF PAYMENT

Payment should be made separately in respect of each Application either by Cheques, Bank Drafts, Bank Guarantees drawn upon any licensed commercial bank operating in Sri Lanka or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka, as the case may be, subject to the following:

- (a) Payments for Application values below Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-) should be supported by a Bank draft/cheque drawn upon any licensed commercial bank operating in Sri Lanka. Cheques or Bank Drafts should be payable to “Commercial Bank of Ceylon PLC – Debenture Issue 2016” crossed “Account Payee Only” and must be honoured on the first presentation.
- (b) Payments for Application 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/-).
 - RTGS transfer with value on the date of the Issue Opening Date.

Multiple cheques or RTGS will not be accepted for Application values below Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-).

- (c) Cheques or bank drafts should be payable to “Commercial Bank of Ceylon PLC – Debenture Issue 2016” crossed “Account Payee Only” and must be honoured on the first presentation.

In case of bank guarantees, such bank guarantees should be issued by any licensed commercial bank in Sri Lanka in favour of “Commercial Bank of Ceylon PLC – Debenture Issue 2016” in a manner acceptable to the Bank, and be valid for a minimum of one (01) month from the Issue opening date (i.e. November 23, 2016). 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.

In case of RTGS transfers (only for Application values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-) such transfer should be made to the credit of ‘Commercial Bank of Ceylon PLC - Debenture Issue 2016’, bearing account number 1030026069 at Commercial Bank of Ceylon PLC with value on the Issue Opening Date (i.e., the funds to be made available to the above account on the issue opening date). The Applicant should obtain a confirmation from the Applicant’s bank, to the effect that arrangements have been made to transfer payment in full for the total value of Debentures applied for the credit of ‘Commercial Bank of Ceylon PLC - Debenture Issue 2016’ bearing account number 1030026069 at Commercial Bank of Ceylon PLC with value on the Issue Opening Date (i.e., the funds to be made to the above account on the Issue Opening Date) and should be attached with the Application Form.

For RTGS transfers above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-), an interest rate of 3.25% per annum (on actual/actual basis) will be paid from the date of such transfer up to the Date of Allotment.

However, no interest will be paid for funds prior to the Issue Opening Date, if those fund transfers are effected prior to the Issue Opening Date.

No interest will be paid if the RTGS transfers are not realised before 4.30 p.m. of the Issue Closing Date.

SLIPS transfers will not be accepted as a mode of payment.

6.0 PROCEDURE FOR APPLICATION

- (d) Cash will not be accepted.
- (e) Payment for the Debentures by Non-Residents should be made only out of funds received as inward remittances or available to the credit of "Securities Investment Account" (SIA) maintained with any licensed commercial bank in Sri Lanka in accordance with directions given by the Controller of 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 SIA, should be attached to the Application Form to the effect that such payment through bank draft/ bank guarantee has been made out of the funds available in the SIA.
- (f) 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, the Application will be rejected.
- (g) In the event that cheques are not realised within 2 Market Days from the Closure of the Issue, 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.
- (h) All cheques/bank drafts received in respect of the Applications for Debentures will be banked commencing from the Market Day immediately following the Issue Closing Date. Payments in any form other than as mentioned above will not be accepted.
- (i) Applications should not be posted, couriered or hand delivered to any other address.

6.5 REJECTION OF APPLICATIONS

Application Forms and the accompanying cheques/bank drafts/bank guarantees, RTGS 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 received from Applicants 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.

Any Applicant who has applied for Debentures of Type A, and B, in a single Application Form will be rejected,

Any Application Form with more than three (3) natural persons as joint Applicants for Debentures will be rejected.

All Applications delivered by hand should reach the office of the Registrars to the Issue at least by 4.30 p.m. on the closing day of the Issue. If cheques are not realised within Two (2) Market Days of the Closure of the Issue, such Applications may be rejected in order to facilitate the completion of the allotment within Seven (7) Market Days of the closure of the Issue.

6.0 PROCEDURE FOR APPLICATION

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.

Applications delivered by hand to the Registrar to the Issue after 4.30 p.m. on the Issue Closing Date will be rejected.

Applications received at the Registrar's Office by post or courier after 4.30 p.m. on the succeeding working day immediately following the date of closure of the subscription list, will also be rejected even if they carry a post mark dated prior to the Issue Closing Date.

Applications delivered to any collection point set out in Annexure B should reach the office of the Registrars to the Issue by at least 4.30 p.m. on the date of closure of the subscription list. Applications received after the said period will be rejected even though they have been delivered to any collection point prior to the closure date or carry a postmark dated prior to the closure date.

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 market day immediately after the closure date, in terms of the CSE Listing Rules.

6.7 BASIS OF ALLOTMENT

- (i) The Bank reserves the right to refuse/reject any Application or to accept any Application in part only, without assigning any reason thereto.
- (ii) In the event of an over-subscription, the basis of allotment will be decided by the Board of Directors of the Bank in a fair manner within Seven (7) Market Days of the closure of the Issue and notified to CSE. The successful Applicants will be notified about their allotment within ten (10) Market Days from the Date of Closure of the subscription list. The Board reserves the right to allocate upto 50% of the issue value on a preferential basis, to identified large-scale investors of strategic importance to the Bank.
- (iii) Cheques received by post with Applications upto the day succeeding the closure of the Issue will be banked, provided that such cheques and Applications are received prior to 4.30 p.m. on the day succeeding the closure of the Issue.
- (iv) The Bank reserves the right to reject all cheques, which are not realised on first presentation.
- (v) Cheques received with the Applications on the day the Issue is fully subscribed and/or the day the Issue is closed also shall be banked and upon realisation the Applicants may be allotted with Debentures in the same manner along with the Applicants whose Applications were received prior to such date. However, if cheques are not realised on first presentation after the closing of the Issue, such Applications may be rejected in order to facilitate the completion of the allotments within Seven (7) Market Days of the closure of the Issue.
- (vi) Unsuccessful Applicants

In the event an Application is accepted only in part, the balance of the monies received on Application will be refunded. Refunds on Debentures that have not been allotted will be made on or before the expiry of ten (10) Market Days from the Closure Date (excluding the Closure Date) as required by the CSE Listing Rules. Applicants would be entitled to receive interest at the last quoted AWPLR published by the CBSL plus 5%, on any refunds not made by the expiry of the above mentioned period.

6.0 PROCEDURE FOR APPLICATION

6.8 REFUND OF PAYMENTS AND DEPOSITS TO THE CDS

In the event, an Application is accepted only in part, the balance of the monies received on Application will be refunded. Refunds on rejected Applications or partly allotted Debentures will be made on or before the expiry of ten (10) Market Days from the Closure Date (excluding the Issue Closing Date) as required by the CSE Listing Rules. Applicants would be entitled to receive interest at the last quoted AWPLR published by the CBSL in the immediately preceding week plus 5%, on any refunds not made by the expiry of the above mentioned period.

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

In the event of refunds over Rupees Five Million (LKR 5,000,000/-), if the Applicant has provided accurate and complete details of his bank account in the Application, refunds will be made via RTGS.

In the event the Applicant has not provided accurate and correct details of his bank account in the Application or if the Applicant has not provided details of the bank account in the Application Form, the bank will make such refund payment to the Applicant by way of a cheque crossed "Account Payee Only" and sent by post under registered cover at the risk of the Applicant.

Funds received from Non-Residents via SIA accounts will be refunded to their respective SIA accounts in the event there are refunds to be made, subject to the requirement that it is the responsibility of the Non-Resident Applicants to ensure that the details of the SIA account through which the funds are received for subscription to the Debentures, are identical to the SIA account details disclosed in the Application Form as well as provided to the CDS.

Direct deposits to the CDS accounts will be made before the expiry of eighteen (18) Market Days from the Date of Closure of the subscription list. A written confirmation in this regard will be sent to the investors within Two (2) Market Days of crediting the CDS Accounts.

6.9 DIRECT LODGMENT WITH THE CDS AND SECONDARY MARKET TRADING

The Bank shall credit the CDS Account with the Debentures securities allotted within a period of eighteen (18) Market Days from the date of closure of the Issue.

A written confirmation of the credit will be dispatched to the Applicant within Two (2) Market Days of crediting the CDS account, by ordinary post to the address provided by each Applicant.

In terms of CSE Listing Rules, the Bank shall submit to the CSE a "Declaration" as set out in the Listing Rules on the Market Day immediately following the day on which the Applicants' CDS Accounts are credited with the Debentures.

The Debentures shall be listed on or before the Third (3) Market Day from the receipt of the "Declaration" by the CSE.

7.0 THE BANK

7.1 OVERVIEW OF THE BANK

Commercial Bank of Ceylon PLC is a public limited liability company, which was incorporated under the Companies Ordinance No. 51 of 1938 on June 25, 1969 in Colombo and was issued a certificate to commence business on October 7, 1969. The Company has been licensed to operate as a Commercial Bank under the Banking Act No. 30 of 1988 from December 21, 1989.

The origins of the Commercial Bank can be traced to 1920, when the Eastern Bank, an old established British Bank opened a branch in Colombo. In 1957 the Standard Chartered Bank acquired the entire share capital of the Eastern Bank, thus making it a wholly-owned subsidiary. In 1969, Commercial Bank of Ceylon PLC was incorporated as a local bank to take-over the assets, liabilities and business of the Colombo branch of the Eastern Bank.

The Standard Chartered Bank retained 40 per centum of the shares of the newly incorporated Commercial Bank and the Government of Sri Lanka acquired another 30 per centum of the shares. The Standard Chartered Bank held its 40 per centum stake in Commercial Bank until 1997, when the DFCC Bank acquired 29.5 per centum of the shares from the Standard Chartered Bank, with the concurrence of the Monetary Board. Part of the shareholding of the Government of Sri Lanka through the Sri Lanka Insurance Corporation was also divested in March 2003. International Finance Corporation acquired 15 per centum of the shares so divested while a further 5 per centum was offered to the staff of the Bank through an Employee Share Ownership Plan. (For a detailed breakdown of the twenty largest shareholders of the Bank as at August 31, 2016 please refer Section 7.5 of this Prospectus).

The Bank gradually evolved to what it is today, centered around the trade financing market niche, which it inherited from the Eastern Bank. Today, it is known as a strong, financially sound and profitable bank, catering to all sectors of the economy. It has 251 customer outlets, all of which are linked online real time to a modern computer network. Commercial Bank also operates in Bangladesh.

The Bank has been accredited by various local and international organisations for its superlative performance.

VISION

To be the most Technologically Advanced, Innovative and Customer Friendly Financial Services Organisation in Sri Lanka, poised for further expansion in South Asia.

MISSION

Providing Reliable, Innovative, Customer Friendly Financial Services, Utilising cutting edge technology and Focusing continuously on productivity improvement whilst developing our staff and Acquiring necessary expertise to Expand locally and regionally.

VALUES

We value our customers from all walks of life and attach high importance to their success and endeavour to be fair by them in our dealings.

We manage the business to achieve a sustainable growth, promote the Bank's image and position in the industry and optimise return on shareholders' funds.

We consider our staff a valuable asset and attach high importance to their welfare and development.

We conduct ourselves as a responsible corporate citizen, commit ourselves to protect and uphold the accepted norms and ethics of the industry and deal with our competitors in a spirit of friendly rivalry.

We contribute to the Government's efforts to improve the socio-economic life in Sri Lanka.

7.0 THE BANK

7.2 NATURE OF OPERATIONS

To carry on –

- a) Domestic banking business including foreign currency banking business in areas specified in Schedule II of the Banking Act No. 30 of 1988, as amended by the Banking (Amendment) Act No. 33 of 1995.
- b) Off-shore banking business as detailed in Part IV of the said Banking Act.

7.3 BOARD OF DIRECTORS

The Directors of the Company as at the date of the Prospectus are given below:

Name	Address	Designation
Mr. K.G.D.D. Dheerasinghe	No. 78/1, Wickramasinghepura, Battaramulla	Chairman (Independent Non-Executive)
Mr. M.P. Jayawardena	No. 207/4, Dharmapala Mawatha, Colombo 07	Deputy Chairman (Independent Non-Executive)
Mr. J. Durairatnam	No. 14, St. Lucia's Street, Colombo 13	Managing Director/Chief Executive Officer
Mr. S. Swarnajothi	No. 63/10, Dewananda Road, Piliyandala	Director (Independent Non-Executive)
Mr. S. Renganathan	No. 115/3, Schokman Place, Old Kottawa Road, Mirihana, Nugegoda	Chief Operating Officer/Executive Director
Prof. A.K.W. Jayawardane	No. 14, Wijerama Lane, Sri Devananda Road, Navinna, Maharagama	Director (Independent Non-Executive)
Mr. K. Dharmasiri	No. 84/1, Polgahawela Road, Kegalle	Director (Independent Non-Executive)
Mr. L.D. Niyangoda	403/10, Samanpura, Kottawa	Director (Independent Non-Executive)
Ms. N.T.M.S. Cooray	No. 57/4, Ward Place, Colombo 07	Director (Independent Non-Executive)
Mr. G.S. Jadeja	123/150, Ratchadapiser Road, Klong Toly, Bangkok 10110	Director (Independent Non-Executive)

7.0 THE BANK

7.4 PROFILES OF DIRECTORS

MR. K.G.D.D. DHEERASINGHE

Chairman (Independent Non-Executive)

Mr. Dharma Dheerasinghe joined the Board on December 20, 2011.

Prior to his appointment as the Chairman on July 29, 2014, he was the Deputy Chairman of the Bank. He is also the Chairman of Commex Sri Lanka S.R.L. – Italy, Serendib Finance Ltd. which are subsidiaries of the Bank. He also serves as the Chairman of Board Human Resources and Remuneration Committee, Board Nomination Committee, Board Credit Committee, Board Investment Committee and Board Related Party Transactions Review Committee of the Bank.

Mr. Dheerasinghe is an eminent Economist with a distinguished career of over 40 years in the banking industry. Previously, he was the Senior Deputy Governor of the Central Bank of Sri Lanka and was also the Chairman of the Monetary Policy Committee, Sovereign Ratings Committee and Secretary to the Monetary Board. He was also the Alternate Executive Director for Bangladesh, Bhutan, India and Sri Lanka at the International Monetary Fund.

He was an Independent Non-Executive Chairman of Bartleet Finance PLC. Mr. Dheerasinghe has published widely on many aspects of economics including debt capital markets and financial globalisation and has over 30 referred articles in reputed journals and as book chapters in Sri Lanka and overseas. He has presented more than 50 papers at international seminars. He has been a Visiting Lecturer and Moderator/Examiner in Universities of Colombo, Kelaniya, Sri Jayewardenepura and Moratuwa and several professional bodies in Sri Lanka. He has made a significant contribution to the development of the Government debt securities market by innovating and structuring key financial instruments and developing its institutional framework.

He is a graduate of the University of Colombo where he obtained B. Com. and B. Phil. (Econ.) with first class honours. He has obtained M.A. (Econ.) from the University of Leeds, UK. He is an Honorary Fellow of the Institute of Bankers of Sri Lanka and holder of Honorary ACI Diploma.

MR. M.P. JAYAWARDENA

Deputy Chairman (Independent Non-Executive)

Mr. Preethi Jayawardena was first appointed to the Board on December 28, 2011 and was appointed as the Deputy Chairman of the Bank on July 29, 2014. He is the Chairman of Board Integrated Risk Management Committee.

He is a Fellow of the Institute of Chartered Accountants of Sri Lanka. He serves as the Group Consultant at Chemanex PLC and a Group Director of CIC Holdings PLC. He is also the Chairman of Commercial Insurance Brokers (Pvt) Ltd. and a few other subsidiaries of Chemanex PLC. He also serves on the Boards of many other Public and Private Companies. Prior to joining Chemanex PLC, he served in Zambia Consolidated Copper Mines in Africa for over 13 years in various senior positions including Head of Treasury, managing a loan portfolio in excess of US \$ 2 Billion.

He is the Deputy Chairman of the Sri Lanka Institute of Directors.

7.0 THE BANK

MR. J. DURAIRATNAM

Managing Director/Chief Executive Officer

Mr. Jegan Durairatnam was first appointed to the Board on April 28, 2012. He was appointed as the Managing Director/Chief Executive Officer of the Bank on July 17, 2014. Prior to that, he functioned as the Chief Operating Officer of the Bank from April 2012 to July 2014.

He is also the Managing Director of Commercial Development Company PLC, a Director of Lanka Financial Services Bureau Ltd., Sri Lanka Banks' Association (Guarantee) Ltd. and The Financial Ombudsman Sri Lanka (Guarantee) Ltd.

He possesses substantial professional experience in Banking, out of which 12 years as a member of Corporate Management. His Banking experience covers all aspects of International Trade, Off-Shore Banking, Credit, Operations and Information Technology. He has served the Bank in several management positions, including Deputy General Manager, Assistant General Manager – International Division and Head of Imports. He holds a Bachelor's Degree from the University of Peradeniya.

MR. S. SWARNAJOTHI

Director (Independent Non-Executive)

Mr. S. Swarnajothi was first appointed to the Board on August 20, 2012. He is the Chairman of the Board Audit Committee.

He is a Fellow of The Institute of Chartered Accountants of Sri Lanka and a Fellow of the Certified Management Accountants of Sri Lanka and also a member of the Institute of Certified Management Accountants of Australia. He holds a B.Sc. Degree in Management from the University of Sri Jayewardenepura and a M.Sc. in Project Management from the University of Moratuwa.

Mr. Swarnajothi held office as Auditor General of Sri Lanka from January 2008 to August 2010 and prior to that held many senior positions in the Public Sector as well as in the Private Sector. He currently functions as a member of the Tax Appeals Commission which position he had held since May 2014.

MR. S. RENGANATHAN

Chief Operating Officer/Executive Director

Mr. Sivakrishnarajah Renganathan was first appointed to the Board on July 17, 2014. Since July 2014 he functions as the Executive Director and Chief Operating Officer of the Bank. He is also the Deputy Chairman of Commercial Bank of Maldives (Pvt) Limited.

Mr. Renganathan who has served Commercial Bank throughout the entirety of his career for more than 34 years has held several key positions in the Bank.

In July 2003, he led the Bank's acquisition of the Bangladesh operations of Credit Agricole Indosuez (CAI), Commercial Bank's first ever acquisition of a banking operation, and was appointed Country Manager – Bangladesh, in which capacity he served a five year tenure, building up the Bank's operations in Bangladesh. On his return to the country, he was appointed as the Bank's first Chief Risk Officer (CRO) and was responsible for preparing and implementing the Bank's Integrated Risk Management Policy.

In April 2011, he was appointed to the pivotal position of Deputy General Manager – Personal Banking Division being overall in charge of Branch network. He has served among others, as a Member of the General Council of the Institute of Bankers of Bangladesh, founder President of the Sri Lanka Bangladesh Chamber of Commerce and Industry and Executive member of the Foreign Investors Chamber of Commerce and Industry in Bangladesh.

7.0 THE BANK

Mr. S. Renganathan is a Fellow of the Chartered Institute of Management Accountants, UK (FCMA), Fellow of the IFS School of Finance, UK (Fifs) and a Fellow of the Institute of Bankers Sri Lanka (FIB). He is also an Associate Member of Financial Services Institute of Australasia.

He has received extensive Leadership, Management and Banking training in USA, London, Japan, Thailand, Abu Dhabi, India and many other countries.

PROF. A.K.W. JAYAWARDANE

Director (Independent Non-Executive)

Prof. Ananda Jayawardane was first appointed to the Board on April 21, 2015. He is the Chairman of the Board Technology Committee.

He is currently the Vice Chancellor of the University of Moratuwa and a Senior Professor in Civil Engineering. He served as the Dean, Faculty of Engineering for six years and the first NDB Bank Endowed Professor in Entrepreneurship at the University of Moratuwa for one year before he assumed duties as the Vice Chancellor.

He obtained B.Sc. Eng. in Civil Engineering Degree with first class honours from the University of Moratuwa, a Master of Science Degree in Construction from the Loughborough University of Technology UK and a Ph.D. in Construction Management from the same University.

Prof. Jayawardane served as the President of the Institution of Engineers, Sri Lanka. He is also a Director of Sierra Cables PLC, Chairman of ONEzero Company Ltd. and a member of Board of Management of several other institutions.

He is also a Corporate Member, a Fellow and an International Professional Engineer of the Institution of Engineers, Sri Lanka (IESL), CEng, FIE (SL), IntPE (SL), Fellow of the National Academy of Sciences of Sri Lanka, FNAS (SL), Founder Member of the Society of Structural Engineers Sri Lanka MSSE (SL), Fellow of the Institute of Project Managers, Sri Lanka, FIPM (SL).

MR. K. DHARMASIRI

Director (Independent Non-Executive)

Mr. Kumbukage Dharmasiri was first appointed to the Board on July 21, 2015.

Mr. Dharmasiri is a career banker with over thirty seven years of diversified banking experience both within and outside Sri Lanka. He commenced his career with Bank of Ceylon (BOC) in 1975 and retired as the General Manager/Chief Executive Officer of the Bank in 2013. Prior to the appointment as the Chief Executive Officer, Mr. Dharmasiri has performed duties as an Additional General Manager and a Deputy General Manager covering a wide range of banking activities mainly, Corporate & Offshore Banking, Recoveries, Finance & Planning, Marketing and Internal Audit.

He has made immense contributions to maintain BOC's non-performing advances level below the industry average. He has played an important role and shown positive results in BOC restructuring programmes by working as a counterpart team member of Booz Allen & Hamilton International Consultants. He received broad exposure and extensive training in banking and credit related subjects locally and overseas.

Mr. Dharmasiri has served overseas as the Country Manager of Bank of Ceylon, Maldives from 1997 to 2000 and as the Managing Director of Nepal Bank of Ceylon (Limited), Nepal in 2002 and as the member of the Board of Bank of Ceylon UK (Limited) in 2012.

7.0 THE BANK

He has served as a Non-executive Nominee Director on the Boards of Janashakthi Insurance Ltd., Sabaragamuwa Development Bank, Merchant Bank of Sri Lanka PLC, BOC Travels (Private) Ltd., BOC Property Development & Management (Private) Ltd., Ceybank Holiday Homes (Private) Ltd., Hotels Colombo (1963) Ltd., Ceybank Asset Management Ltd., Lanka Securities (Private) Ltd., Institute of Bankers of Sri Lanka, Lanka Financial Services (Bureau) Ltd. and Lanka Clear (Private) Ltd.

Mr. Dharmasiri graduated from the University of Colombo with a First Class Honours in Commerce and Holds a Bachelor of Philosophy in Economics. He is also an associate member of the Institute of Bankers of Sri Lanka.

MR. L.D. NIYANGODA

Director (Independent Non-Executive)

Mr. Lakshman Dushyantha Niyangoda is presently serving as the Managing Director/Chief Executive Officer of A Baur & Co (Pvt) Ltd. and counts over 30 years of experience with the Company.

He is also a Director of Baur Asia (Pte) Ltd., Singapore.

He holds a Bachelor of Science (Agriculture) Degree from the University of Peradeniya.

He has also served as a Member of numerous professional bodies, including the Council for Agricultural Research Policy of Sri Lanka, Standing Committee of Agriculture and Veterinary Studies, University Grants Commission and Faculty of Agriculture, University of Peradeniya.

MS. N.T.M.S. COORAY

Director (Independent Non-Executive)

Ms. Nawalage Therese Manouri Shiromal Cooray is the Managing Director of Jetwing Travels (Pvt) Ltd. She is presently serving as the Chairperson of the Sri Lanka Institute of Directors and also serving on the Advisory Council for Tourism.

She has obtained a Master's in Business Administration from the University of Colombo. She is a Fellow of the Chartered Institute of Management Accountants.

Ms. Cooray has held several key positions at J Walter Thompson, Travel Agents Association of Sri Lanka and Sri Lanka Association of Inbound Tour Operators.

MR. G.S. JADEJA

Director (Independent Non-Executive)

Mr. Giriraj Sinh Jadeja is presently serving as Global Head, Financial Innovation at the International Finance Corporation.

A holder of an M.B.A. in Finance from Baruch College CUNY, a Master's Degree in Hotel Management from Oberoi School of Hotel Management (A Cornell University Affiliate Programme) and B.A. (Honours) from St. Stephen's College, University of Delhi.

He has held several key positions as Regional Industry Head-Asia, Senior Manager-Latin America & The Caribbean Region, Mexico/Bogota, Manager - East Asia and The Pacific Region, Hong Kong, Senior/Principal Investment Officer - Financial Markets Division, Washington D.C. at the International Finance Corporation.

Mr. Jadeja has also served as Director - Acquisition/Integration and Business Development, New York, NY, Director Finance & Assistant to the CFO, Manager/Senior Manager - Finance at American Express Travel Related Services Inc.

7.0 THE BANK

7.5 MAJOR SHAREHOLDINGS AS AT AUGUST 31, 2016

20 largest holders of ordinary voting shares of the Bank:

Name of the Shareholder	31.08.2016	
	No. of Shares	%
DFCC Bank A/C 1	122,747,994	14.74
Mr. Y.S.H.I. Silva	82,560,993	9.91
Employees' Provident Fund	80,741,135	9.70
Sri Lanka Insurance Corporation Ltd. – Life Fund	41,854,996	5.03
CB NY S/A International Finance Corporation	37,206,040	4.47
Sri Lanka Insurance Corporation Ltd. – General Fund	35,989,537	4.32
Melstacorp Ltd.	28,295,305	3.40
Mrs. L.E.M. Yaseen	16,603,339	1.99
HSBC Intl. Nominees Ltd. – JPMLU – Franklin Templeton Investment Funds	15,841,866	1.90
HSBC Intl. Nominees Ltd. – SSBT – Morgan Stanley Institutional Fund, Inc. – Frontier Emerging Markets Portfolio	12,998,068	1.56
HSBC Intl. Nominees Ltd. – SSBT – Morgan Stanley Asset Management SA Acting on behalf of Morgan Stanley Galaxy Fund	12,732,186	1.53
HSBC Intl. Nominees Ltd. – BPSS LUX – Aberdeen Global Asia Pacific Equity Fund	11,172,854	1.34
Employees' Trust Fund Board	10,702,290	1.29
Mercantile Investments and Finance PLC	10,661,077	1.28
HSBC Intl. Nominees Ltd. – BPSS LUX – Aberdeen Global – Asian Smaller Companies Fund	10,468,066	1.26
HSBC Intl. Nominees Ltd. – SSBT – First State Investments ICVC – Stewart Investors Indian Subcontinent Fund	8,886,230	1.07
HSBC Intl. Nominees Ltd. – SSBT – BMO Investments 11 (Ireland) Public Limited Company	8,522,701	1.02
The Bank of New York Mellon SA/NV-CF Ruffer Total Return Fund	8,399,814	1.01
HSBC Intl. Nominees Ltd. – SSBT – Aberdeen Institutional Commingled Funds, LLC	8,368,934	1.00
HSBC Intl. Nominees Ltd. – BP2S London-Aberdeen Asia Smaller Companies Investment Fund	6,944,006	0.83
Sub Total	571,697,431	68.65
Other Shareholders	261,072,762	31.35
Total	832,770,193	100.00

7.0 THE BANK

20 largest holders of Ordinary Non-Voting Shares of the Bank:

Name of the Shareholder	31.08.2016	
	No. of Shares	%
Employees' Trust Fund Board	4,167,636	7.28
HSBC Intl. Nominees Ltd. – JPMLU – Franklin Templeton Investment Funds	3,309,627	5.78
CITI Bank New York S/A Norges Bank Account No. 02	3,064,019	5.36
CB NY S/A Salient International Dividend Signal Fund	1,802,572	3.15
GF Capital Global Ltd.	1,591,203	2.78
HINL – JPMCB – Butterfield Trust (Bermuda) Ltd.	1,419,594	2.48
Mr. J.D. Bandaranayake	1,102,959	1.93
M.J.F. Exports (Pvt) Ltd.	978,724	1.71
Mr. M.F. Hashim	800,417	1.40
Saboor Chatoor (Pvt) Ltd.	780,473	1.36
Beta Holdings Ltd.	757,030	1.32
Union Assurance PLC/No – 01 A/C	581,706	1.08
Akbar Brothers (Pvt) Ltd. A/C No. 01	576,809	1.02
Mrs. L.V.C. Samarasinha	541,700	0.95
Dr. A.K.A. Jayawardena	505,035	0.88
Mr. G.R. Mallawaarachy	479,764	0.84
Mr. J.G. de Mel	456,348	0.80
Mr. W.R.H. Perera	452,051	0.79
Alpex Marine (Pvt) Ltd.	430,605	0.75
Mr. T.W.A. Wickramasinghe	425,000	0.74
Sub Total	24,223,272	42.34
Other Shareholders	32,989,381	57.66
Total	57,212,653	100.00

7.6 PARTICULARS OF LOAN CAPITAL

Details of other Debentures in Issue:

Categories	CSE Listing	Interest Payable Frequency	Allotment Date	Maturity Date	Balance 30.06.2016 LKR '000
Fixed Rate Debentures					
2006/2016 – 14.00% p.a.	Listed	Annually	18.12.2006	17.12.2016	467,260
2016/2021 – 10.75% p.a.	Listed	Semi Annually	09.03.2016	08.03.2021	4,430,340
2016/2026 – 11.25% p.a.	Listed	Semi Annually	09.03.2016	08.03.2026	1,749,090
Floating Rate Debentures					
2006/2016 – 12 months TB rate (Gross) + 1% p.a.(*)	Listed	Annually	18.12.2006	17.12.2016	400

The above mentioned holders of Debentures are entitled to receive the Principal sum on the date of Maturity/ Redemption and interest on the Debentures as per the provisions set out and stated in the Prospectus issued in relation to the respective Debentures. The holders of the said Debentures are not entitled to any special rights or any privileges or rights of the Shareholders of the Bank, including the right to receive notice, attend and vote at the General Meeting of the Bank, receive any dividend or distributions or share the profits of the Bank or to participate in any surplus assets of the Bank in the event of liquidation.

7.0 THE BANK

The Borrowings of the Bank as at June 30, 2016 are as follows:

Category	LKR Mn.
Due to Banks	34,401.00
Derivative financial liabilities	1,233.15
Other borrowings	9,603.93
Subordinated liabilities	17,942.78

There were no leasing, lease purchase or hire purchase commitments or mortgages or charges on the assets of the Bank as at June 30, 2016.

DETAILS OF CONVERTIBLE DEBT SECURITIES

There has been no issue of convertible securities by the Bank as at June 30, 2016.

7.7 CONTINGENT LIABILITIES DETAILS OF PENALTIES IMPOSED BY REGULATORY AND STATE AUTHORITIES AND LITIGATION AGAINST THE BANK

CONTINGENT LIABILITIES

In the normal course of business, the Bank makes various irrevocable commitments and incurs certain contingent liabilities with legal recourse to its customers. Even though, these obligations may not be recognised on the date of the Statement of Financial Position, they do contain credit risk and are therefore part of the overall risk profile of the Bank.

DETAILS OF PENALTIES IMPOSED BY REGULATORY AND STATE AUTHORITIES

There were no penalties imposed by regulatory state authorities on the Bank as at the date of this Prospectus.

LITIGATION AGAINST THE BANK

Litigation is a common occurrence in the banking industry due to the nature of the business. The Bank has an established protocol for dealing with such legal claims. In respect of pending legal claims where the Bank had already made provisions for possible losses in its Financial Statements or has a realisable security to cover the damages are not included below as the Bank does not expect cash outflows from such claims. However, further adjustments are made to Financial Statements if necessary on the adverse effects of legal claims based on the professional advice obtained on the certainty of the outcome and also based on a reasonable estimate. Set out below are unresolved legal claims against the Bank as at September 30, 2016 for which, adjustments to the Financial Statements have not been made due to the uncertainty of its outcome.

1. Court action has been initiated by a customer in High Court Civil Case No. 236/2011/MR challenging the Bank for transferring a vehicle in the name of a relation of the customer, upon settlement of a lease facility obtained from the Bank. The Bank has executed the transfer on the strength of a letter issued by the Plaintiff who is now challenging the letter. The value of the action is LKR 3.50 Mn. Trial is fixed for January 26, 2017.
2. Court action has been initiated by a customer in proceeding No. 25831/MR to claim a sum of LKR 2.88 Mn. including the refund of interest of an overdraft facility. The judgment was entered against the Bank in the District Court for LKR 1.87 Mn. The Bank has appealed (Appeal No. 133/2010) to the Supreme Court. Argument has been concluded and judgment has been reserved. No date has been given yet.
3. Court action has been initiated by the Plaintiff in the Commercial High Court of the Western Province case No. 571/2008/MR to prevent the Bank from exercising the right of lien and set off a deposit of the Plaintiff amounting to US\$ 15.00 Mn. against a claim made by the Bank in terms of a hedging agreement. Commercial High Court issued the judgment in favour of the Bank and dismissed Plaintiff's application for an interim injunction. Presently the case is at the Trial stage. Next trial date is fixed for March 8, 2017.

7.0 THE BANK

4. Court action has been initiated by a customer in Colombo High Court Case No. 36/96 (1) to claim a sum of LKR 183.05 Mn. regarding a forward exchange contract. Judgment was delivered in favour of the Bank dismissing the Plaintiff's action, but the Plaintiff has appealed against the judgment to the Supreme Court (Appeal No. 38/2006). The next appeal hearing is on March 8, 2017.
5. Court action has been initiated by a customer for LKR 14.00 Mn. in District Court, Colombo proceeding No. 315/2015MR (DMR 3/2014) to recover a sum of LKR 13.06 Mn. including interest on cheques paid with a fraudulent signature. The case which was filed at the District Court which was not the correct court for cases of high value was late referred to the Commercial High Court. Trial on January 30, 2017.
6. Court action has been initiated in proceedings No. 03034/14/MR to claim a sum of LKR 27.87 Mn. being the total amount withdrawn from the company account by an employee by forging authorised customer's signatures in a number of transactions during a period of two years. Trial is fixed for November 30, 2016.
7. Court action has been initiated in proceeding No. 139/2016/MR to recover a sum of LKR 29.00 Mn. together with interest being the amount held by the Bank and to recover a sum of LKR 10.00 Mn. together with interest as damages where a former employee of the Bank had forged the signature of the Plaintiff and created several loans for himself against the fixed deposit of the Plaintiff. The next date of the trial is fixed on December 9, 2016.
8. Court action has been initiated in proceeding No. DMR/ 974/2016. The Plaintiff has filed action to recover a sum of LKR 26.23 Mn. together with interest being the amount held by the Bank and failing to pay to the Plaintiff with regard to an erroneous Telegraphic Transfer effected by the Bank as payment of a tea bagging machine. The next date of the trial is fixed on December 9, 2016.
9. Court action has been initiated by a customer in proceedings No. 52/10 to claim a sum of Bangladeshi Taka 35.32 Mn. (approx. LKR 64.87 Mn.) from the Bank for illegal withdrawal of money from their account by issuing cheques with forged signatures. The Bank refuses the claim of the customer as the Bank is of the view that it had acted in good faith, without negligence and also that the Bank is not responsible for any losses incurred due to inadequacy of the security of cheque books issued to the customer. Subsequent to the last hearing on September 8, 2016, no trial date has been fixed to date.
10. Court action has been initiated by a customer in proceedings No. 55/SPL filed in District Court of Chilaw (Case No. 2662/M) where Plaintiff claims the judgment declared indicting him on a previous case filed against the Plaintiff by Bank was done due to misrepresented evidence given by the Bank. Plaintiff has filed litigation against the Bank claiming compensation and damages amounting to LKR 25.00 Mn. The next trial date is fixed for January 25, 2017.
11. Court action has been initiated by a third party in Colombo High Court proceedings number 112/2005(1) to claim LKR 5.584 Mn. plus LKR 10.000 Mn. as damages for disposing of the shares owned by the plaintiff which were held under lien to the Bank. Plaintiff alleges that the transaction has taken place without obtaining her consent. Judgment was delivered in favour of the Plaintiff. Bank has appealed to the Supreme Court (Appeal No. 09/2010) against the judgment delivered. The Plaintiff has filed an application for the issue of Writ Pending Appeal. Bank had agreed to issue a guarantee for LKR 5.000 Mn. in favour of the Plaintiff, to be claimed only on the final determination of the appeal by the Supreme Court. Appeal is fixed for hearing on January 24, 2017.

7.0 THE BANK

7.8 MANAGEMENT AGREEMENTS

There are no management agreements entered into by the Bank as at the Prospectus date nor being considered.

7.9 DETAILS OF BENEFITS PAID TO PROMOTERS

No benefit has been paid or given by the Bank within the two (02) years preceding the date of the Prospectus and there are no benefits intended to be paid or given to any promoter.

7.10 SUBSIDIARY/ASSOCIATE COMPANIES

Company	Bank's Interest	Principal Activity
Commercial Development Company PLC	94.28%	Property Development
ONEzero Co. Limited	100.0%	Provision of IT Related Services
Commex Sri Lanka S.R.L. – Italy	100.0%	Money Transfers and Money Exchange
Serendib Finance Limited	100.0%	Leasing & Hire Purchase Financing
Equity Investments Lanka Limited	22.92%	Venture Capital Financing
Commercial Insurance Brokers (Pvt) Limited	18.86%	Insurance Brokering
Commercial Bank of Maldives (Pvt) Limited	55.00%	Providing Financial Services

7.11 STATED CAPITAL

The stated capital of the Bank is as below:

Stated Capital	December 31, 2015	June 30, 2016
Balance (LKR '000)	23,254,605	24,879,641
Number of Ordinary Voting Shares	820,567,115	832,757,534
Number of Ordinary Non-Voting Shares	56,299,686	57,212,653

7.12 DETAILS OF COMMISSION PAID

The Bank has not paid commission in the last 2 years preceding the Debenture Issue for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions, for any shares in or Debentures of the Bank other than 0.15% paid as brokerage in respect of the value of the Debentures allotted on Applications for 2016/2021 and 2016/2026 Debentures issued in 2016.

7.13 DETAILS OF MATERIAL CONTRACTS TO THE BANK

The Bank has not entered into any material contracts other than contracts entered into in the ordinary course of business as at the date of this Prospectus.

8.0 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

This Committee was formed by the Board to assist the Board in reviewing all the related party transactions carried out by the Bank and its listed companies in the Group by early adopting of the Code of Best Practice on Related Party Transactions as issued by the SEC of Sri Lanka and the Section 9.0 of the CSE Listing Rules.

This Committee currently comprises the following Directors:

Mr. K.G.D.D. Dheerasinghe	Chairman (Independent Non-Executive)
Mr. S. Swarnajothi	Director (Independent Non-Executive)
Mr. J. Durairatnam	Managing Director/Chief Executive Officer
Mr. S. Renganathan	Chief Operating Officer/Executive Director

9.0 FINANCIAL INFORMATION

9.1 FINANCIAL STATEMENTS AND FINANCIAL SUMMARY

The following financial information of the Bank (Stock Code – COMB) is available on the website of CSE (www.cse.lk) and the website of the Bank (www.combank.net):

- Audited Financial Statements of the Bank for the financial year ended December 31, 2015.
- Interim Financial Statements of the Bank for the six months ended June 30, 2016.
- Summarised Financial Statements for the five years preceding the date of the application (i.e. for the financial years ending December 31, 2011, 2012, 2013, 2014 and 2015) stating the accounting policies adopted by the entity certified by the Auditors. Qualifications carried in any of the Auditors reports covering the period in question and any material changes in accounting policies during the relevant period.

9.2 FINANCIAL RATIOS OF THE BANK

As at December 31,	2012	2013	2014	2015	June 30, 2016
Debt/ Equity Ratio %*	18.25	33.17	25.97	22.91	28.47
Interest Cover Ratio (Times)**	48.61	20.25	28.31	22.64	15.98

* *Debentures and other term debt as a percentage of Total Equity.*

** *Profit Before Depreciation, Interest and Tax is divided by Interest on Debentures and other term borrowings.*

9.3 DIVIDEND POLICY

The Bank's Dividend policy is designed to address multiple objectives. The main considerations were to maximise the shareholder wealth, increase market capitalisation, ploughing back of additional profits for business expansion and maintaining consistent stream of dividend to shareholders.

The Board of Directors subject to the provisions of the Banking Act may recommend and declare Dividends to the shareholders from and out of the profits of the Bank. The Dividend rate will be determined based on number of factors including but not limited to the Bank's earnings, capital requirements and overall financial condition of the economy.

	2011	2012	2013	2014	2015
Dividend per Share (LKR)	6.00	6.50	6.50	6.50	6.50

9.4 DEBT SERVICING DETAILS OF THE BANK

The details of the Debenture interest payments made during past five years are given below:

In LKR	Year 1 2011	Year 2 2012	Year 3 2013	Year 4 2014	Year 5 2015
Gross Interest due on Debentures*	132,429,005	132,805,512	132,384,860	132,369,740	132,359,619
Debenture Interest Paid on due Date*	132,429,005	132,805,512	132,384,860	132,369,740	132,359,619
Debenture Interest Paid after due Date	–	–	–	–	–
Debenture Interest not Paid as of to Date	–	–	–	–	–

* *Interest paid subject to WHT of 10% since these Debentures were issued in 2006, when tax concessions as applicable as at present were not available.*

10.0 STATUTORY AND OTHER GENERAL INFORMATION

10.1 INSPECTION OF DOCUMENTS

The following documents will be made available seven (07) Market Days prior to the date of opening of the subscription list, for inspection by the public, during normal working hours at the registered office of the Bank, “Commercial House”, No. 21, Sir Razik Fareed Mawatha, Colombo 01, Sri Lanka until the date of redemption of the Debentures.

- (a) Articles of Association.
- (b) Trust Deed
- (c) Auditors’ Report and Audited Financial Statements for the five (05) financial years ended December 31, 2015, 2014, 2013, 2012 and 2011 (i.e. the five (05) financial years immediately preceding the date of this Prospectus) and Interim Financial Statements for the Quarter ended June 30, 2016.
- (d) Issue Rating Report and all other documents referred to in Rule 3.3.11 (a) of the CSE Listing Rules, including material contracts and management agreements entered into by the Bank (if any).

The Prospectus, Trust Deed and Articles of Association of the Bank are also hosted in the Bank’s website, www.combank.net and the Colombo Stock Exchange website, www.cse.lk from seven (07) Market Days prior to the date of opening of the subscription list until the date of redemption of the Debentures.

10.0 STATUTORY AND OTHER GENERAL INFORMATION

10.2 STATUTORY DECLARATIONS

Statutory Declaration by the Directors

We, the undersigned who are named herein as Directors of Commercial Bank of Ceylon PLC, hereby declare and confirm that we have read the provisions of CSE Listing Rules and of the Companies Act No. 07 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 the Directors of Commercial Bank of Ceylon PLC and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that provisions of the CSE Listing Rules and of the Companies Act No. 07 of 2007 and any amendments to it from time to time have been complied with and 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 Commercial Bank of Ceylon PLC have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to Commercial Bank of Ceylon PLC and making assumptions that are considered to be reasonable at the present point in time in the best judgment of the Directors.

An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing of all securities in a particular class issued by Commercial Bank of Ceylon PLC and those Securities of the same class which are the subject of this issue. Such permission will be granted when the Securities are listed on the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of Commercial Bank of Ceylon PLC or of the Securities issued.

Name of Director	Designation	Signature
Mr. K.G.D.D. Dheerasinghe	Chairman (Non-Executive)	Sgd.
Mr. M.P. Jayawardena	Deputy Chairman (Non-Executive)	Sgd.
Mr. J. Durairatnam	Managing Director (Executive)	Sgd.
Mr. S. Swarnajothi	Director (Non-Executive)	Sgd.
Mr. S. Renganathan	Director (Executive)	Sgd.
Prof. A.K.W. Jayawardane	Director (Non-Executive)	Sgd.
Mr. K. Dharmasiri	Director (Non-Executive)	Sgd.
Mr. L.D. Niyangoda	Director (Non-Executive)	Sgd.
Ms. N.T.M.S. Cooray	Director (Non-Executive)	Sgd.
Mr. G.S. Jadeja	Director (Non-Executive)	Sgd.

10.0 STATUTORY AND OTHER GENERAL INFORMATION

Statutory Declaration by the Managers to the Issue.

We, the Investment Banking Unit of Commercial Bank of Ceylon PLC, being the Managers to the Issue of Commercial Bank of Ceylon PLC Debenture Issue 2016, hereby declare and confirm that to the best of our knowledge and belief the Prospectus constitutes full and true disclosure of all material facts about Commercial Bank of Ceylon PLC and the Issue.

Signed by authorised signatories of Commercial Bank of Ceylon PLC, being duly authorised thereto, at Colombo on this 13th date of October 2016.

Signed

Sushara Vidyasagara

Chief Manager

Investment Banking

Signed

Naveen Sooriyarachchi

Assistant General Manager

Corporate & Investment Banking

Fitch Ratings

Fitch Rates Commercial Bank of Ceylon's Subordinated Debentures Final 'AA-(lka)'

Fitch Ratings-Colombo/Hong Kong-03 October 2016: Fitch Ratings Lanka has assigned Commercial Bank of Ceylon PLC's (CB; AA(lka)/Stable) proposed Basel II-compliant subordinated debentures of up to LKR7bn a final National Long-Term Rating of 'AA-(lka)'.

The final rating is the same as the expected rating assigned on 3 August 2016, and follows the receipt of documents conforming to information already received.

The proposed issuance, which will have tenors of five and 10 years and carry fixed coupons, will be listed on the Colombo Stock Exchange. CB expects to use the proceeds to fund loan expansion, reduce asset and liability maturity mismatches, and increase its Tier II capital base.

KEY RATING DRIVERS

The issue is rated one notch below CB's National Long-Term Rating, to reflect the subordination to senior unsecured creditors.

The National Long-Term Rating of CB reflects its measured risk appetite relative to peers, strong funding profile, solid domestic franchise and sound performance. The ratings reflect Fitch's expectation that its non-domestic operations will remain small.

RATING SENSITIVITIES

The rating on the proposed debentures will move in tandem with CB's National Long-Term Rating.

Enhanced resilience against a volatile operating environment could be positive for CB's National Long-Term Rating. The bank's ratings could be downgraded if its ability to withstand cyclical asset-quality deterioration declines due to lower earnings and capitalisation. In addition, any marked weakening in its deposit franchise and deviation from its measured risk appetite, both viewed by Fitch as key factors that differentiate CB from its lower-rated peers, would be negative.

Contact:
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FITCH RATINGS LANKA LTD.


Authorised Signatory.

Media Relations: Bindu Menon, Mumbai, Tel: +91 22 4000 1727, Email: bindu.menon@fitchratings.com.

ANNEXURE A – COPY OF THE RATING CERTIFICATE

Commercial Bank of Ceylon PLC has a 1.79% equity stake in Fitch Ratings Lanka Ltd. No shareholder other than Fitch, Inc. is involved in the day-to-day rating operations of, or credit reviews undertaken by, Fitch Ratings Lanka Ltd.

Note to editors: Fitch's National Ratings provide a relative measure of creditworthiness for rated entities in countries with relatively low international sovereign ratings and where there is demand for such ratings. The best risk within a country is rated 'AAA' and other credits are rated only relative to this risk. National Ratings are designed for use mainly by local investors in local markets, and are signified by the addition of an identifier for the country concerned, such as 'AAA(lka)' for National Ratings in Sri Lanka. Specific letter grades are not therefore internationally comparable.

Additional information is available on www.fitchratings.com

FITCH RATINGS LANKA LTD.


Authorised Signatory.

ANNEXURE B – COLLECTION POINTS

MANAGERS TO THE ISSUE

Commercial Bank of Ceylon PLC
Investment Banking Unit
Commercial House,
No. 21, Sir Razik Fareed Mawatha,
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Colombo 01,
Sri Lanka.
Tel: +94 (0) 11 2 334 643,
Fax: +94 (0) 11 2 335 385
E-mail: Investment_Banking@combank.net

ISSUING COMPANY

Commercial Bank of Ceylon PLC
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REGISTRARS TO THE ISSUE

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Fax: +94 (0) 11 2 573 609

ANNEXURE B – COLLECTION POINTS

MEMBERS

Bartleet Religare Securities (Pvt) Limited

Level “G”, “Bartleet House”,
65, Braybrooke Place, Colombo 02.
Tel:+94 11 5 220 200
Fax: +94 11 2 434 985
E-mail: info@bartleetstock.com
Website: www.bartleetreigare.com

Acuity Stockbrokers (Pvt) Ltd.

No. 53, Dharmapala Mawatha,
Colombo 03.
Tel: +94 11 2 206 206
Fax: +94 11 2 206 298/9
E-mail: sales@acuitystockbrokers.com
Website: www.acuity.lk

John Keells Stock Brokers (Pvt) Ltd.

186, Vauxhall Street,
Colombo 02.
Tel: +94 11 2 342 066-7, +94 11 2 306 250
Fax: +94 11 2 342 068
E-mail: jkstock@keells.com
Website: www.jksb.com

Asha Phillip Securities Ltd.

2nd Floor,
Lakshman’s Building,
No. 321, Galle Road,
Colombo 03.
Tele: +94 11 2 429 100
Fax: +94 11 2 429 199
E-mail: apsl@ashaphillip.net
Website: www.ashaphillip.net

Assetline Securities (Pvt) Ltd.

No. 120, 120A, Pannipitiya Road,
Battaramulla.
Tel: +94 11 4 700 111
Fax: +94 11 4 700 101,
+94 11 4 700 112
E-mail: colombo.dpglobal@dpmcfs.com
Website: http://www.assetline.lk/stock_
brokering.html

Somerville Stockbrokers (Pvt) Ltd.

No. 1A, Park Way,
Park Road,
Colombo 05.
Fax: +94 11 2 430 829
E-Mail: ssb-web@sltnet.lk

J B Securities (Pvt) Ltd.

No. 150, St. Joseph Street,
Colombo 14.
Tel: +94 11 2 490 900
Fax: +94 11 2 446 085,
+94 11 2 447 875
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Website: www.jbs.lk

Lanka Securities (Pvt) Ltd.

No. 228/1, Galle Road,
Colombo 04.
Tel: +94 11 4 706 757, 2 554 942
Fax: +94 11 4 706 767
E-mail: lankasec@sltnet.lk
Website: www.lsl.lk

Asia Securities (Pvt) Ltd.

2nd Floor,
No. 176/1 - 2/1, Thimbirigasyaya Road,
Colombo 05.
Tel:+94 11 7 722 000
Fax : +94 11 2 584 864
E-mail: marketinfo@asiasecurities.lk
Website: www.asiasecurities.net

Nation Lanka Equities (Pvt) Ltd.

No. 44, Guildford Crescent,
Colombo 07.
Tel: +94 11 889 061-3, +94 11 2 684 483
Fax: +94 11 2 688 899
E-mail: info@nlequities.com
Website: www.nlequities.com

Capital Trust Securities (Pvt) Ltd.

No. 42, Mohamed Macan Markar
Mawatha, Colombo 03.
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+94 11 2 174 175
Fax: +94 11 2 174 173
E-mail: inquiries@capitaltrust.lk
Website: www.capitaltrust.lk

S C Securities (Pvt) Ltd.

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Colombo 03.
Tel: +94 11 4 711 000/
+94 11 47 11 001
Fax: +94 11 2 394 405
E-mail: ceo@sampathsecurities.lk
Website: www.sampathsecurities.lk

CT CLSA Securities (Pvt) Limited

No. 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@ctclsal.lk
Website: www.ctclsal.lk

First Capital Equities (Pvt) Limited

No. 347/1/1,
Dr. Colvin R. De Silva Mawatha,
Colombo 02.
Tel:+94 11 2 145 000
Fax:+94 11 5 736 264
E-mail: info.equity@firstcapital.lk
Website: www.firstcapital.lk

NDB Securities (Private) Limited

5th Floor, NDB Building,
No. 40, Navam Mawatha,
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Tel: +94 11 2 314 170-8,
+94 11 2 131 000
Fax: +94 11 2 314 181
E-mail: mail@ndbs.lk
Website: www.ndbs.lk

ANNEXURE B – COLLECTION POINTS

Trading Members

Capital Alliance Securities (Pvt) Ltd.

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Fax: +94 11 2 3177 88
E-mail: general@capitalalliance.lk
Website: www.capitalalliance.lk

SMB Securities (Pvt) Ltd.

No. 102/1, Dr. N.M. Perera Mawatha
(formerly Cotta Road)
Colombo 08.
Tel: +94 11 4 388 138
Fax: +94 11 2 670 294
E-mail: admin@smbsecurities.lk
Website: www.smbsecurities.lk

First Guardian Equities (Pvt) Ltd.

32nd Floor, East Tower,
World Trade Centre,
Colombo 01.
Tel: +94 11 5 884 400 (Hunting)
Fax: +94 11 5 884 401
E-mail: info@firstguardianequities.com
Website: www.firstguardianequities.com

Taprobane Securities (Pvt) Ltd.

2nd Floor,
No. 10, Gothami Road,
Colombo 08.
Tel: +94 11 5 328 200,
+94 11 5 328 100
Fax: +94 11 5 328 177
E-mail: info@taprobane.lk
Website: www.taprobanestocks.com

Candor Equities Ltd.

Level 8, South Wing,
Millennium House,
No. 46/58, Nawam Mawatha,
Colombo 02.
Tel: +94 11 2 359 100
Fax: +94 11 2 305 522
E-mail: info.cel@candorh.com
Website: www.candor-holdings.com

Enterprise Ceylon Capital (Pvt) Ltd.

27th Floor, East Tower,
World Trade Centre, Echelon Square,
Colombo 01.
Tel: +94 11 2 333 000, +94 11 2 147 147
Fax: +94 11 2 333 383
E-mail: info@ecc.lk

TKS Securities (Pvt) Ltd.

4th Floor,
No. 245, Dharmapala Mawatha,
Colombo 07.
Tel: +94 11 7 857 799
Fax: +94 11 7 857 857
E-mail: info@tks.lk
Website: www.tks.lk

Richard Pieris Securities (Pvt) Ltd.

No. 55/20, Vauxhall Lane,
Colombo 02.
Tel: +94 11 7 448 900 ,
+94 11 5 900 800
Fax: +94 11 2 330 711
Email: dilruk@rpsecurities.com

Claridge Stockbrokers (Pvt) Ltd.

No. 10, Gnanartha Pradeepa Mawatha,
Colombo 08.
Tel: +94 11 2 697 974
Fax: +94 11 2 689 250
E-mail: csb@mackwoods.com

Navara Securities (Pvt) Ltd.

No. 12B, Gregory's Road,
Colombo 07.
Tel: +94 11 2 358 700/20
Fax: +94 11 5 005 551
Email: info@navarasecurities.lk
Website: www.navarasecurities.lk

Softlogic Stockbrokers (Pvt) Ltd.

No. 06, 37th Lane,
Queens Road,
Colombo 03.
Tel: +94 11 7 277 000
Fax: +94 11 7 277 099
Email: info@equity.softlogic.lk
Website: www.softlogiccequity.lk

LOLC Securities Ltd.

No. 481, T.B. Jayah Mawatha,
Colombo 10.
Tel: +94 11 5 889 889
Fax: +94 11 2 662 883
E-Mail: info@lolcsecurities.com

ANNEXURE B – COLLECTION POINTS

Trading Members – Debt

First Capital Markets Limited

No. 02, Deal Place, Colombo 03.
Tel: +94 11 2 639 898,
+94 11 2 681 888
Fax: +94 11 2 639 899,
+ 94 11 2 576 866
E-Mail: info@firstcapital.lk
Web site: www.firstcapital.lk

Capital Alliance Limited

Level 5, "Millenium House"
No. 46/58, Nawam Mawatha,
Colombo 02.
Tel: +94 11 2 317 777
Fax: +94 11 2 317 788
Email: info@cal.lk

Wealthtrust Securities Limited

No. 32, Castle Street,
Colombo 08.
Tel: +94 11 2 675 091-4
Fax: +94 11 2 689 605
Email: info@wealthtrust.lk

Perpetual Treasuries Limited

Level 3, Prince Alfred Tower,
No. 10, Alfred House Gardens,
Colombo 03.
Tel: +94 11 2 206 123,
+94 11 2 206 107
Fax: +94 11 2 206 110

**NSB Fund Management
Company Limited**

No. 255, 1st Floor, NSB Head Office,
Galle Road, Colombo 03.
Tel: +94 11 2 565 956,
+94 11 2 565 957
Fax: +94 11 2 574 387

Acuity Securities Limited

4th Floor,
No. 53, Dharmapala Mawatha,
Colombo 03.
Tel: +94 11 2 206 280
Fax: +94 11 2 206 290

Natwealth Securities Limited

Prince Alfred Tower,
No. 10-1/1, Alfred House Gardens,
Colombo 03.
Tel: +94 11 4 716 274
Fax: +94 11 4 645 776

Commercial Bank of Ceylon PLC

"Commercial House",
No. 21, Sir Razik Fareed Mawatha,
Colombo 01.
Tel: +94 11 2 486 334
Fax: +94 11 2 384 650

ANNEXURE C – CUSTODIAN BANKS

Bank of Ceylon

Head Office
11th Floor, No. 04,
Bank of Ceylon Mawatha,
Colombo 01.
Tel: 011 2 317 777/
011 2 448 348
011 2 338 742-55/
011 2 544 333

The Hong Kong and Shanghai Banking Corporation Limited

No. 24, Sir Baron Jayathilake Mawatha,
Colombo 01.
Tel: 011 2 325 435, 011 2 446 591
011 2 446 303, 011 2 346 422

Banque Indosuez

C/O Hatton National Bank Limited
Cinnamon Garden Branch
No. 251, Dharmapala Mawatha,
Colombo 07.
Tel: 011 2 686 537, 011 2 689 176

Pan Asia Banking Corporation PLC

Head Office
No. 450, Galle Road,
Colombo 03.
Tel: 011 2 565 565

Citi Bank, N A

65C, Dharmapala Mawatha.
P.O. Box 888,
Colombo 07.
Tel: 011 2 447 316-8, 011 2 447 318
011 2 449 061/011 2 328 526,
011 4 794 700

People's Bank

Head Office, 5th Floor,
Sir Chittampalam A Gardiner Mawatha,
Colombo 02.
Tel: 011 2 781 481, 011 2 378 419
011 2 446 315-6, 011 2 430 561

Commercial Bank of Ceylon PLC

"Commercial House",
No. 21, Sir Razik Fareed Mawatha,
P.O. Box 856,
Colombo 01.
Tel: 011 2 486 000, 011 4 486 000,
011 7 486 000, 011 5 486 000

Public Bank Berhad

No. 340, R.A. De Mel Mawatha,
Colombo 03.
Tel: 011 2 576 289, 011 7 290 200-7

Deutsche Bank AG

P.O. Box 314,
No. 86, Galle Road,
Colombo 03.
Tel: 011 2 447 062, 011 2 438 057

Standard Chartered Bank

No. 37, York Street,
P.O. Box 112,
Colombo 01.
Tel: 011 4 794 400, 011 2 480 000

Hatton National Bank PLC

HNB Towers,
No. 479,
T.B. Jayah Mawatha, Colombo 10.
Tel: 011 2 664 664

Sampath Bank PLC

No. 110,
Sir James Peiris Mawatha,
Colombo 02.
Tel: 011 5 331 441

Union Bank of Colombo PLC

No. 64, Galle Road,
Colombo 03.
Tel: 011 2 374 100

State Bank of India

No. 16, Sir Baron Jayathilake
Mawatha, Colombo 01.
Tel: 011 2 326 133-5, 011 2 439 405-6
011 2 447 166, 011 2 472 097

Nations Trust Bank PLC

No. 242, Union Place,
Colombo 02.
Tel: 011 4 711 411

Seylan Bank PLC

Level 8, Ceylinco Seylan Towers,
No. 90, Galle Road,
Colombo 03.
Tel: 011 2 456 789, 011 4 701 812
011 4 701 819, 011 4 701 829

ANNEXURE D – DECLARATION TO BE GIVEN BY FATCA COMPLIANT INVESTORS

DECLARATION

Manager,
Commercial Bank of Ceylon PLC
.....

I/We.....
.....
..... and
..... of(address)
.....holder/s of Passport

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

I/We hereby request Commercial Bank of Ceylon PLC which is recognised as a Foreign Financial Institution (FFI) in terms of the FATCA to report all information pertaining to the accounts and investments held by me/us in the Commercial Bank of Ceylon PLC and to remit any tax payable to the Internal Revenue Service (IRS) of the United States of America.

I/We further confirm that this request is made by me/us with full knowledge and understanding of FATCA.

.....
Date

.....
Signature/s of Applicants

