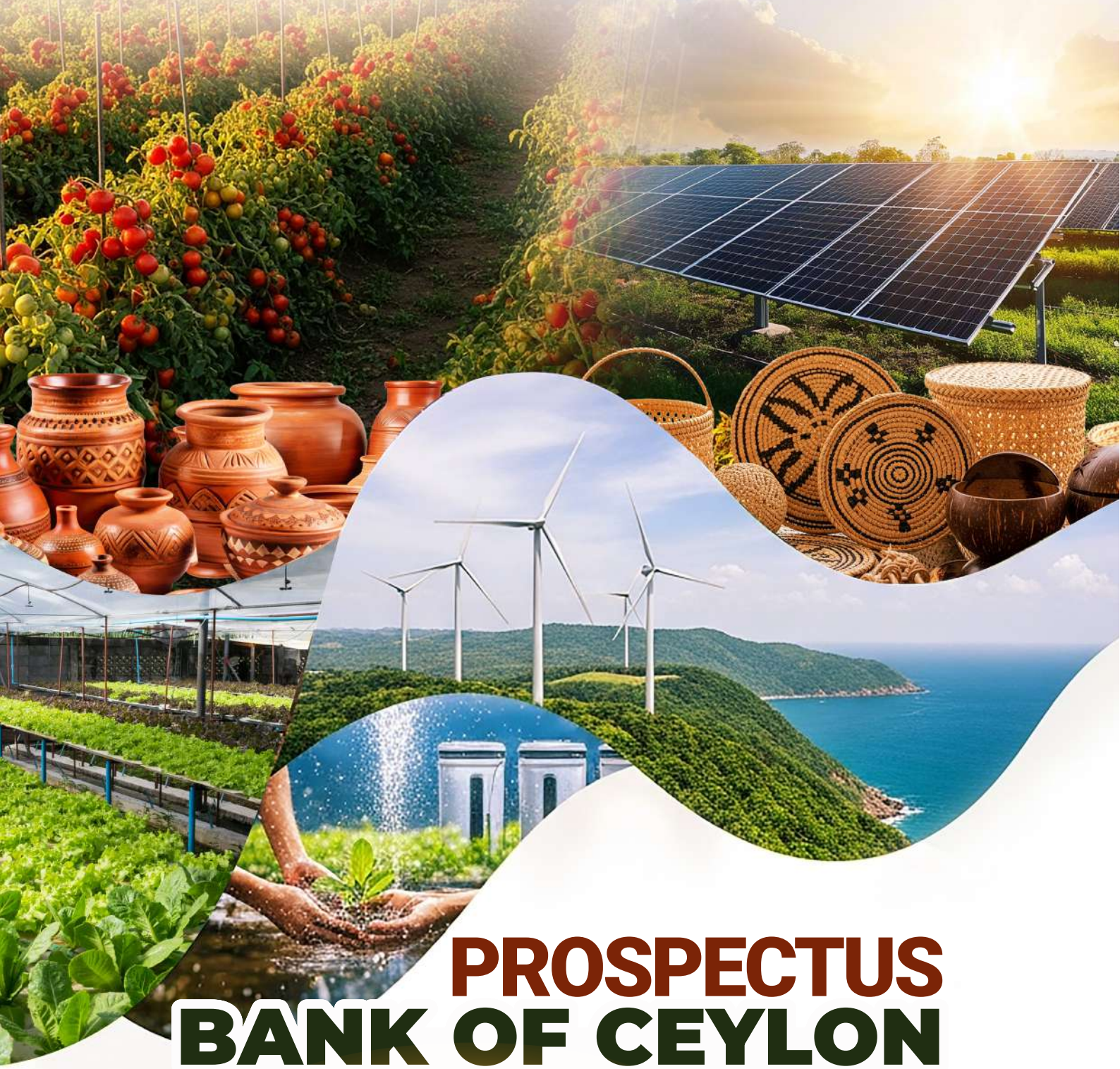

PROSPECTUS

BANK OF CEYLON

BASEL III COMPLIANT LISTED

SUSTAINABILITY BOND ISSUE 2025

TO BE LISTED ON THE COLOMBO STOCK EXCHANGE

BANK OF CEYLON
BOC
Bankers to the Nation

Prospectus

ISSUE UP TO HUNDRED MILLION (100,000,000) BASEL III COMPLIANT TIER 2 LISTED RATED UNSECURED SUBORDINATED REDEEMABLE 5 YEAR (2025/30) SUSTAINABILITY BONDS WITH NON-VIABILITY WRITE DOWN FEATURES AT AN ISSUE PRICE OF LKR 100 EACH TO RAISE A SUM OF UP TO SRI LANKAN RUPEES TEN BILLION (LKR 10,000,000,000/-), WITH AN OPTION TO ISSUE UPTO A FURTHER FIFTY MILLION (50,000,000) OF SAID SUSTAINABILITY BONDS TO INCREASE THE SAID SUM BY UP TO A FURTHER SRI LANKAN RUPEES FIVE BILLION (LKR 5,000,000,000/-), AT THE DISCRETION OF THE BANK IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ISSUE AND WITH A FURTHER OPTION TO ISSUE UPTO A FURTHER FIFTY MILLION (50,000,000) OF SAID BONDS TO INCREASE THE SAID SUM BY UP TO A FURTHER SRI LANKAN RUPEES FIVE BILLION (LKR 5,000,000,000/-), AT THE DISCRETION OF THE BANK IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ISSUE AND THE SECOND TRANCHE.

MAXIMUM ISSUE OF SUSTAINABILITY BONDS WILL NOT EXCEED TWO HUNDRED MILLION (200,000,000) OF THE SAID SUSTAINABILITY BONDS, AT A VALUE NOT EXCEEDING SRI LANKAN RUPEES TWENTY BILLION (LKR 20,000,000,000/-)

TO BE LISTED ON THE COLOMBO STOCK EXCHANGE

RATED 'AA- (Stable)' BY LANKA RATING AGENCY LIMITED

Issue opens on 22nd December 2025

ISSUE IS LIMITED FOR 'QUALIFIED INVESTORS' AS DEFINED HEREIN

Managers, Registrars, Bankers, & Lawyers to the Issue

Bank of Ceylon, BOC Square, No 01, Bank of Ceylon Mawatha, Colombo 01

Tel: +94 112394311, +94 112 448348

PROSPECTUS

This Prospectus is dated 11th December 2025.

This Prospectus has been prepared by the Bank of Ceylon (hereinafter sometimes referred to as "BOC "or "the Bank"). BOC and its Directors confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respect and that there are no other material facts, the omission of which would make any statement herein misleading or inaccurate.

Where representations regarding the future performance of the Bank have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Bank and making assumptions that are considered to be reasonable at the present point in time in its best judgement.

While BOC has taken reasonable care to ensure full and fair disclosure, it does not assume responsibility for any investment decision made by the Qualified investors based on the information contained herein. In making investment decisions prospective Qualified investors must rely on their own examination and assessments on BOC and the terms of the Issue, including the risks associated.

No dealer, sales person or any other person has been authorized to give any information or to make any representation in connection with the Sustainability Bonds other than the information and representations contained in this Prospectus and if given or made such information or representations must not be relied upon as having been authorized by BOC.

The trustee has given its written consent for the inclusion of its name and its reports/statements in the Prospectus.

This Prospectus has not been registered with any authority within or outside Sri Lanka.

The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of Bank of Ceylon since the date of this Prospectus. Please refer to the disclosures made by the Bank on the CSE website in respect of any material change in the affairs of the Bank and/or change in credit rating assigned to the debt securities (if any) since the date of this prospectus.

If there is a material change, such material change will be disclosed to the market.

If you are in any doubt regarding the contents of this document or if you require any clarification or advice you may consult your Stockbroker, Bank Manager, Lawyer or any other Professional Advisor in this regard.

THE COLOMBO STOCK EXCHANGE (CSE) HAS TAKEN REASONABLE CARE TO ENSURE FULL AND FAIR DISCLOSURE OF INFORMATION IN THIS PROSPECTUS. HOWEVER, THE CSE ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OF THE STATEMENTS MADE, OMMISSIONS, UNDISCLOSED INFORMATION, OPINIONS EXPRESSED OR REPORTS INCLUDED IN THE PROSPECTUS. MOREOVER, THE CSE DOES NOT REGULATE THE PRICING OF THE SUSTAINABILITY BONDS, WHICH IS DECIDED SOLELY BY THE ISSUER.

By acquiring any Sustainability Bonds, each Sustainability Bond Holder irrevocably consents to the principal amount of the Sustainability Bonds and any accrued unpaid Sustainability Bond interest thereon being deemed paid in full by the issuance of Additional Tier 1 bond upon occurrence of a Trigger Event and the resulting Non - Viability write-down mechanism required to be effected by the Bank.

Upon a Non-Viability write-down;
i) The Trustees shall not be required to take any further directions from holders/ beneficial owners of the Sustainability Bonds under the Trust Deed;
ii) The Trust Deed shall impose no duties upon the Trustee whatsoever with respect to write-off of the Sustainability Bonds by converting to AT1 instrument upon occurrence of a Trigger Event and
iii) Upon the occurrence of a Trigger Event, each outstanding Sustainability Bond of this Issue will be converted, on a full and permanent basis

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

This investment instrument is riskier than a bank deposit.

These Sustainability Bonds are complex products and have provision for loss absorption in the form of Non - Viability write-down as set out in the Prospectus. This means that the Sustainability Bonds shall have a principal loss absorption feature through a write-down mechanism which allocates losses to the instrument, at a point of non-viability determined by the Governing Board of CBSL ("Trigger Event"). If the Trigger event occurs the Sustainability Bonds shall be permanently written off and any liability arising from such instrument at the point of non-viability shall take the character of an Additional Tier 1 (AT1) instrument and shall be subordinated to claims of every other liability. Therefore, a Qualified Investor will be deemed paid in full the principal plus any accrued and unpaid interest due on the Sustainability Bonds, if such Trigger Event occurs and the par value of such AT1 instrument will be the same as the par value of the Sustainability Bonds and the rate of interest for such instrument shall be the same fixed rate of interest applicable prior to conversion and subject to the sole discretion of the Central Bank of Sri Lanka.

Please refer to the 'section 5.15 "Risks in investing in the Sustainability Bonds' of the Prospectus for further details.

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

i. has sufficient knowledge and experience to make a meaningful evaluation of these Sustainability Bonds, the merits and risks of investing in the Sustainability Bonds and the information contained or incorporated by reference in this Prospectus;
ii. has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in these Sustainability Bonds and the impact the Sustainability Bonds will have on its overall investment portfolio;
iii. has sufficient financial resources and liquidity to bear all of the risks of an investment in these Sustainability Bonds;
iv. understands thoroughly the terms of these Sustainability Bonds, including the provisions relating to the Non - Viability write-down of the Sustainability Bonds, and is familiar with the behavior of financial markets; and
v. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Representation

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

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

For enquiries please contact Managers to the Issue.

Forward Looking Statements

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

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

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

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

Presentation of Currency Information and other Numerical Data

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

All Qualified Investors should indicate in the Application for Sustainability Bonds, their Central Depository Systems (Private) Limited (CDS) account number.

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

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

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

PLEASE NOTE THAT SUSTAINABILITY BOND CERTIFICATES WILL NOT BE ISSUED.

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

ISSUE AT A GLANCE

<table>
<tr><td>Issuer</td><td>Bank of Ceylon</td></tr>
<tr><td>Instrument</td><td>Basel III compliant - Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5 year Sustainability Bonds (2025/30) with Non-Viability Write-Down Features.</td></tr>
<tr><td>Listing</td><td>The Sustainability Bonds will be listed on the Colombo Stock Exchange</td></tr>
<tr><td>Issue Rating</td><td>‘AA-’ (Stable) by Lanka Rating Agency Limited</td></tr>
<tr><td>Issuer Rating</td><td>‘AA-(lka)’/ Stable by Fitch Ratings Lanka Limited</td></tr>
<tr><td>Number of Sustainability Bonds to be issued</td><td>An initial issue up to Hundred Million (100,000,000) Sustainability Bonds with an option to issue up to a further Fifty Million (50,000,000) Sustainability Bonds, at the discretion of the Bank, in the event of an oversubscription of the initial issue and with a further option to issue up to a further Fifty Million (50,000,000) Sustainability Bonds, at the discretion of the Bank, in the event of an oversubscription of the initial issue and the second tranche.</td></tr>
<tr><td>Amount to be Raised</td><td>Sri Lanka Rupees Ten Billion (LKR 10,000,000,000/-) with an option to raise up to a further Sri Lanka Rupees Five Billion (LKR 5,000,000,000/-), at the discretion of the Bank, in the event of an oversubscription of the initial issue and with a further option to increase up to a further Sri Lanka Rupees Five Billion (LKR 5,000,000,000/-) at the discretion of the Bank, in the event of an oversubscription of the initial issue and the second tranche.</td></tr>
<tr><td>Issue Price</td><td>LKR 100/- per each Sustainability Bond</td></tr>
<tr><td>Trading Currency</td><td>Sri Lankan Rupees</td></tr>
<tr><td>Type of Sustainability Bonds</td><td>
<table>
<tr><th>Type of Sustainability Bond</th><th>Tenure (Years)</th><th>Interest Rate (per annum)</th><th>Interest Payment Frequency</th></tr>
<tr><td>A
(Fixed Rate)</td><td>5</td><td>10.50%
AER (10.50%)</td><td>Annually</td></tr>
<tr><td>B
(Floating Rate)</td><td>5</td><td>12-month T Bill rate + 2%</td><td>Annually</td></tr>
</table>
Floating Interest Rate for Type B will be the nominal rate of interest equivalent to Two Hundred basis points (2.00%) above the Weighted Average Twelve (12) Months Gross Treasury Bill interest rate (Before Tax) at the latest Primary Auction as announced by the Central Bank of Sri Lanka prior to the interest resetting date for each annual period. This rate will be initially decided on the date of allotment of the Sustainability Bonds and be applicable for a period of Twelve (12) Months commencing from the date of allotment of the Sustainability Bonds and thereafter to be determined/revised annually at the expiry of every Twelve (12) Month period from the date of allotment of the Sustainability Bonds on the same basis.</td></tr>
<tr><td>Issue Opening Date</td><td>22nd December 2025</td></tr>
</table>

Issue Closing Date	12th January 2026 Subject to the provisions contained below, the subscription list for the Sustainability Bonds pursuant to this Prospectus will open at 9.30 a.m. on 22nd December 2025 and shall remain open for 14 Market Days including the issue opening date until closure at 4.30 p.m. on 12th January 2026. However, the subscription list will be closed at 4.30 p.m. on the same day with notification to the CSE on the occurrence of any of the following events (i) The maximum of 200,000,000 Sustainability Bonds being fully subscribed; or (ii)The Bank deciding to close the Issue upon the initial issue of 100,000,000 Sustainability Bonds becoming fully subscribed. or (iii) The Bank deciding to close the issue upon the initial issue of 100,000,000 Sustainability Bonds and the second tranche of 50,000,000 Sustainability Bonds becoming fully subscribed. In the event the Bank decides to exercise the option to further issue up to 50,000,000 Sustainability Bonds (on the initial issue of 100,000,000 Sustainability Bonds being fully subscribed or the second tranche of 50,000,000 Sustainability Bonds being fully subscribed) but subsequently decides to close the subscription list upon part of the further issue of 50,000,000 Sustainability Bonds 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 at 4.30 p.m. on the following Market Day.
Date of Allotment	The date on which the Sustainability Bonds will be allotted by the Bank to Applicants subscribing thereto.
Minimum Subscription	The minimum subscription requirement for Qualified Investors shall be Sri Lankan Rupees Ten Thousand (LKR 10,000/-). Provided however, the minimum subscription requirement applicable for an individual Qualified investor applying for these Basel III Complaint Sustainability Bonds shall be Sri Lankan Rupees Five Million (LKR 5,000,000/-). Any Application in excess of the minimum subscription requirement shall be in multiples of Sri Lankan Rupees Ten Thousand (LKR 10,000/-). The Sustainability Bonds should be fully paid and issued only for cash.
Basis of Allotment	In the event of oversubscription, the General Manager of the Bank will decide the basis of allotment in a fair and equitable manner and will be announced to the CSE.
Interest Payment Date(s)	Type A & B Date of expiry of every One (01) year period commencing from the date of allotment of the Sustainability Bonds. Interest payments will be made not later than Three (03) working days from the due date of interest payment.

Mode of Payment of Principal Sum & Interest	Principal Sum and Interest will be paid to Sustainability Bond Holders through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as SLIPS and RTGS (arranged only at expense of the investor) in the event accurate bank details have been provided, or by crossed cheques marked "Account Payee Only" in the event accurate bank details have not been provided.
Date of Redemption	The date on which redemption of Bonds will take place as referred to in Section 5.7 of this Prospectus.
Trigger Point/Event	Trigger point/event for the purpose of loss absorption at the point of non-viability is the earlier of: a) A decision that a write-down, without which the bank would become non-viable, is necessary, as determined by the Governing Board of CBSL. b)The decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by the Governing Board of CBSL
Non-Viability Write-Down mechanism	The Sustainability Bonds shall have principal loss absorption at the point of non-viability through a write-down mechanism, which allocates losses to the Sustainability Bonds at the sole discretion of the Governing Board of CBSL without the approval by the Sustainability Bond Holders. Non viability write down mechanism is detailed in section 5.9 of this Prospectus.
Subordinated	The Claims of the Sustainability Bond–Holders shall in the event of winding up of BOC, rank after the claims of preferential claims under any statutes governing BOC, depositors, holders of senior debt and claims of secured and other unsecured creditors of BOC but in priority to and over the claims and rights of the shareholder of BOC. These Sustainability Bond–will rank in *pari passu* with other subordinated creditors subject to the non-occurrence of a trigger event as detailed in section 5.8.1 of this Prospectus.
Tier II Capital	Supplementary capital representing revaluation reserves, General provisions and other capital instruments which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.
Unsecured	Repayment of the Principal Sum and interest on these Sustainability Bonds not being secured by any specific asset of Bank of Ceylon

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Annexure VI PRE-ISSUANCE ASSURANCE REPORT

1. CORPORATE INFORMATION

Issuer	Bank of Ceylon
Legal Form	A Banking Corporation domiciled in Sri Lanka, duly established on 1 August 1939 under the Bank of Ceylon Ordinance No 53 of 1938.
Registered Office & Head Office	Bank of Ceylon "BOC Square'', No. 01, Bank of Ceylon Mawatha Colombo 01 Tel : +94 11 2446790-811 Website : http://www.boc.lk
Secretary to the Board	Mrs. Janaki Senanayake Siriwardane
Lawyers	Legal Department of Bank of Ceylon
Auditors/Reporting Accountants	The Auditor General of Sri Lanka Auditor General's Department No: 306/72, Polduwa Road, Battaramulla
Rating Agency	Fitch Ratings Lanka Ltd Level 15-04, East Tower, World Trade Centre Colombo 01 Tel : +94 11 2541900
Board of Directors	Mr. Kavinda M L de Zoysa — Chairman Dr M K C Senanayake — Non Executive Ex Officio Director Mr. A Jehaan Ismail — Non-Executive Director Dr A K L Illesinghe — Non-Executive Director Mr. R M P Rathnayake — Non-Executive Director Mr. J.D.N. Gunasekera — Non-Executive Director Mr. W B W M R A M T G Aluwihare — Non-Executive Director Ms. S T Ratwatte — Non-Executive Director Mr. D I De Silva Jayaratne — Non-Executive Director Mr. S B Weerasooriya — Non-Executive Director Prof. A K W Jayawardane — Non-Executive Director

2. RELEVANT PARTIES TO THE ISSUE

Managers & Registrars to the Issue	Bank of Ceylon Investment Banking Division, 7th Floor "BOC Square'', No:01, Bank of Ceylon Mawatha Colombo 01 Tel : +94 11 2448348, +94 11 2203640-48 Fax : +94 11 2346842
Bankers to the Issue	Bank of Ceylon, Corporate Branch, 1st Floor "BOC Square'', No:01, Bank of Ceylon Mawatha Colombo 01 Tel : +94 11 2471613, +94 11 2345428
Trustee to the Issue	People's Bank No.75, Sir Chittampalam A. Gardiner Mawatha, Colombo 2 Tel : +94 11 2206787
Lawyers to the Issue	Legal Department of Bank of Ceylon
Rating Agency to the Issue	Lanka Rating Agency Ltd 145, Kynsey Road, Colombo 08 Tel : +94 11 4 500 099
Independent External Reviewer to the Issue	KPMG Chartered Accountants, 32A, Sir Mohamed Macan Markar Mawatha, P.O. Box 186, Colombo 03. Tel : +94 11 5426426
Auditors and Reporting Accountants	Auditor General of Sri Lanka

3. LIST OF ABBREVIATIONS

Abbreviation	Description
ADB	Asian Development Bank
AER	Annual Equivalent Rate (Effective Annual Interest Rate)
AIIB	Asian Infrastructure Investment Bank
AWPLR	Average Weighted Prime Lending Rate
BN	Billion
BOC	Bank of Ceylon
CBSL	Central Bank of Sri Lanka
CDS	Central Depository Systems (Pvt) Limited
CSE	Colombo Stock Exchange
ESG	Environmental, Social and Governance
FATCA	Foreign Account Tax Compliance Act
FRLL	Fitch Ratings Lanka Ltd
GBP	Green Bond Principles
GHG	Greenhouse Gas
GSS+	Green, Blue, Social, Sustainability and Sustainability linked
ICMA	International Capital Markets Association
IIA	Inward Investment Account
LKR	Sri Lankan Rupees
LRA	Lanka Rating Agency Ltd
MN	Million
NIC	National Identity Card
POA	Power of Attorney
RTGS	Real Time Gross Settlement
SBG	Sustainable Bond Guidelines
SBP	Social Bond Principles
SDG	Sustainable Development Goal
SLIPS	Sri Lanka Inter Bank Payment System
USD	US Dollar
VAT	Value Added Tax
WHT	Withholding Tax

4. GLOSSARY OF TERMS RELATED TO THE ISSUE

Applicant/s	Any Qualified Investor who submits an Application form under this Prospectus
Application Form / Application	The application form that constitutes part of this Prospectus through which an applicant may apply for the Sustainability Bonds in Issue
BOC/Issuer/ The Bank	Bank of Ceylon
Board/ Board of Directors	The Board of Directors of Bank of Ceylon
Basel III	A Global Regulatory Framework for More Resilient Banks and Banking System, issued by the Basel Committee on Banking Supervision of the Bank for International Settlements in December 2010 (Revised in June 2011)
Sustainability Bonds	Basel III compliant - Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5 year Sustainability Bonds (2025/30) with Non-Viability Write-Down features, to be issued pursuant to this Prospectus.
Sustainability Bond Holder/s	The holders of the Sustainability Bonds for the time being whose accounts are deposited with the Debentures at the CDS as at the relevant date.
Non Viability Write-Down Mechanism	The Sustainability Bonds shall have principal loss absorption at the point of non-viability through a write-down mechanism, which allocates losses to the Sustainability Bonds at the sole discretion of the Governing Board of CBSL without the approval by the Sustainability Bonds Holders. Non viability write down mechanism is detailed in section 5.9.2.
Trigger Event	Trigger point/event for the purpose of loss absorption at the point of non-viability is the earlier of: a) A decision that a write-down, without which the bank would become non-viable, is necessary, as determined by the Governing Board of CBSL in terms of item 10(iii)(a) of the Web Based Return Code 20.2.3.1.1.1 of the Banking Act Directions No.1 of 2016 dated 29th December 2016 (as may be amended from time to time) or b)The decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by the Governing Board of CBSL in terms of Item 10(iii)(b) of the said Directions.
Date of Allotment	The date on which the Sustainability Bonds will be allotted to the Sustainability Bonds Holders in terms of this Prospectus.
Date of Closure	The date on which the subscription list for the Sustainability Bonds will be closed as referred to in Section 5.2 of this Prospectus
Date of Redemption	The date on which Redemption of the Sustainability Bonds will take place as referred to in Section 5.8 of this Prospectus.
Due Date of Interest Payment	The dates on which the interest payments shall fall due in respect of the Sustainability Bonds.
Entitlement Date	The Market day immediately preceding the respective due date of Interest Payment or Date of Redemption on which a Sustainability Bond Holder would need to be recorded as being a Sustainability Bond Holder on the list of Sustainability Bond Holders provided by the CDS to the Bank in order to qualify for the payment of any interest or any Redemption proceeds.
Interest Period	The period between two interest payment dates, which is inclusive of the day immediately after the previous interest payment date and the next interest payment date.

First Interest Period	The period commencing from the date of allotment and ending on the first due date of interest period. (Inclusive of the aforementioned commencement date)
Final Interest Period	The period commencing from the last interest payment date before the date of redemption and ending on the date immediately preceding to the date of redemption.
Market Day	Any day on which trading takes place at the CSE
Principle Sum/Face Value	Multiple of Par Value of Sustainability Bonds (LKR 100) and the number of debentures allotted.
Minimum subscription	The minimum subscription requirement for Qualified Investors shall be Sri Lankan Rupees Ten Thousand (LKR 10,000/-). Provided however, the minimum subscription requirement applicable for an individual Qualified Investor applying for these Basel III complaint Sustainability Bonds shall be Sri Lankan Rupees Five Million (LKR 5,000,000/-). Any Application in excess of the minimum subscription requirement shall be in multiples of Sri Lankan Rupees Ten Thousand (LKR 10,000/-).
Issue	The offer of Sustainability Bonds to Qualified Investors pursuant to this Prospectus.
Redemption	Repayment of the principal amount due on these Sustainability Bonds
Register	The Register of the Sustainability Bond Holders to be kept by BOC
Subordinated	The Claims of the Sustainability Bond Holders shall in the event of winding up of BOC, rank after the claims of preferential claims under any statutes governing BOC, depositors, holders of senior debt and claims of secured and other unsecured creditors of BOC but in priority to and over the claims and rights of the shareholder of BOC. These Sustainability Bonds will rank in *pari passu* with other subordinated creditors subject to the non-occurrence of a trigger event as detailed in section 5.9.1 of this Prospectus.
Tier II Capital	Supplementary capital representing revaluation reserves, General provisions and other capital instruments which combine certain characteristics of equity and debt such as hybrid capital instruments and subordinated term debts.
Trust Deed	Trust Deed executed between Bank of Ceylon and People's Bank on 10th December 2025.
Trustee	People's Bank
Unsecured	Repayment of the Principal Sum and interest on these Sustainability Bonds not being secured by any specific asset of Bank of Ceylon
Working Day	Any day (Other than Saturday, Sunday and any statutory holiday) on which the Banks and Foreign exchange markets are open for business in Sri Lanka.
Qualified Investors	Qualified Investors means the investors more fully described in section 6.2 of this Prospectus.

5. INFORMATION CONCERNING THE ISSUE

5.1 Invitation to Subscribe

The Board of Directors of the Bank of Ceylon resolved on 25th August 2025 and 12th September 2025, as per the authority vested by the Bank of Ceylon Ordinance to raise a sum up to LKR 20.0 Billion from Qualified Investors by the issue of Sustainability Bonds.

BOC hereby invites Qualified investors to make applications for the subscription up to 100,000,000 (Hundred Million Sustainability Bonds at an issue price of LKR 100 each payable in full as outlined in this Prospectus, with an option to issue up to a further 50,000,000 (Fifty Million) Sustainability Bonds in the event of an over subscription of the initial 100,000,000 (Hundred Million) Sustainability Bonds and with a further option to issue up to a further 50,000,000 (Fifty Million) Sustainability Bonds in the event of an over subscription of the initial and the second tranche.

BOC invites Applications for Two (02) types of Sustainability Bonds described below, which shall rank equal and *pari passu* with each other, without any preference or priority one over the other except for the interest offered.

Basel III Compliant, Tier 2 Listed Rated Unsecured Subordinated Redeemable Sustainability Bonds with Par Value of LKR 100 each, categorized in to Two (2) types as described below.

Type A	Tenure 5 years. Interest is payable at a fixed rate of Ten decimal Five percentum (10.50%) per annum AER (10.50%) on the Principal Sum annually at the expiry of every One (01) year period from the date of allotment of the Sustainability Bonds
Type B	Tenure 5 years. Interest is payable on the Principal Sum annually at a floating rate equivalent to 200 basis points (2.00%) above the Weighted Average 12 month Gross Treasury bill rate decided on the basis set out in section 5.5 below at the expiry of every One (01) year period from the date of allotment of the Sustainability Bonds

The repayment of the Principle Sum and Interest on these Sustainability Bonds are not being secured by any specific assets of BOC.

It is the intention of the Bank to list the Sustainability Bonds on the Colombo Stock Exchange. The CSE has given its in principle approval for the listing of the Sustainability Bonds and any Additional Tier 1 (AT1) Bonds which are perpetual in nature, that would be issued upon the occurrence of a Trigger Event as determined by the CBSL, on the CSE.

However, the CSE reserves the right to revoke such approval, in the circumstances set out in Rule 2.3 (b) of the CSE Listing Rules.

As set out in Rules 2.2.1 (q) of the CSE Listing Rules, only Qualified Investors would be eligible to invest in these Basel III Compliant Sustainability Bonds. Further, as set out in Rule 3.3.5 (ii) (a) (ii) of the CSE Listing Rules, the secondary trading of these Basel III Compliant Sustainability Bonds shall also be limited to Qualified Investors. Accordingly, the primary and secondary market investments of the Basel III Compliant Sustainability Bonds are limited to the Qualified Investors. Secondary Market investment of AT1 Bonds also limited to Qualified Investors.

The Claims of the Sustainability Bond Holders in the event of winding up of BOC, rank after the claims of preferential claims under any statutes governing BOC, depositors, holders of senior debt and claims of secured and other unsecured creditors of BOC but in priority to and over the claims and rights of the shareholder of BOC. These Sustainability Bonds will rank in *pari passu* with other subordinated creditors subject to the non-occurrence of a trigger event as detailed in section 5.9.1 of this Prospectus

5.2 Subscription List

Subject to the provisions contained below, the subscription list for the Sustainability Bonds will open at 9.30 a.m. on 22nd December 2025 and shall remain open for 14 market days including the issue opening date until closure at 4.30 p.m. on 12th January 2026.

However, the subscription list will be closed at 4.30 p.m. on the same day with the notification to CSE on the occurrence of any of the following events:

i. The maximum of 200,000,000 Sustainability Bonds being fully subscribed, or
ii. The Bank deciding to close the Issue upon the initial issue of 100,000,000 Sustainability Bonds becoming fully subscribed~~.~~ , or
iii. The Bank deciding to close the issue upon the initial issue of 100,000,000 Sustainability Bonds and the second tranche of 50,000,000 Sustainability bonds becoming fully subscribed.

In the event the Bank decides to exercise the option to further issue up to 50,000,000 Sustainability Bonds (on the initial issue of 100,000,000 Sustainability Bonds being fully subscribed or the second tranche of 50,000,000 Sustainability Bonds being fully subscribed) but subsequently decides to close the subscription list upon part of the further issue of 50,000,000 Sustainability Bonds 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 at 4.30 p.m. on the following Market Day or 12th January 2026.

Applications may be made forthwith. Duly completed Applications in the manner set out under the Procedure for Application in Section 6 of this Prospectus will be accepted.

5.3 Objectives of the Issue

The bank intends to utilize the entire proceeds of the issue to expand its sustainability loan book in the ordinary course of business within 24 months from the Date of Allotment. Since the bank has multiple sources of funds, such as different types of deposits and borrowings, dependency on proceeds of the Sustainability Bond issue is marginal in expanding bank's Sustainability loan book. The Bank does not intend to lend the Sustainability Bond proceeds to related parties. However, if the Bank decides to deploy Sustainability Bond proceeds with related parties, Related Party Transactions Review Committee will review such transactions as per CSE Listing Rule 9.14 as detailed in section 8.2 below.

Further, subordinated nature and mid to long term liability of the funds raised through the ~~S~~ustainability Bond issue in compliance with requirements under BASEL III will enable the bank to achieve the following, on allotment.

(a) To increase the Tier II capital of the Bank in order to enhance the Capital Adequacy Ratio.
As per Central Bank guidelines Capital Adequacy Ratio (CAR) is the ratio between (Tier I + Tier II) capital and total risk-weighted amount. Since the subordinated

Sustainability Bonds could be included under Tier II capital, based on unaudited financials, CAR is expected to be improved as follows.

Minimum Total CAR Ratio to be maintained as at 30.09.2025 as per CBSL Regulation	15.00%
Total CAR of the Bank as at 30.09.2025	16.76%
Expected CAR subsequent to the Sustainability Bond Issue	
LKR 10 BN	17.93%
LKR 15 BN	18.20%
LKR 20 Bn	18.48%

BOC maintains capital levels above the minimum regulatory requirement to ensure the sustainability and long term stability of the business. Prospective qualified investors should carefully consider the capital management process of the BOC that is comprehensively covered in the Bank's Annual report available on the website of the Bank, www.boc.lk and the website of CSE, www.cse.lk.

(b) To minimize and manage the gap exposure in the Bank's assets/liability portfolios and strengthen the Bank's liquidity position

(c) To expand Sustainability (green and social) lending portfolio of the Bank.

The Bank of Ceylon remains steadfast in its commitment to fostering long-term economic growth and stability, recognizing sustainability as a foundational pillar in delivering value to its stakeholders. In light of evolving Environmental, Social, and Governance (ESG) dynamics, the bank intends to utilize the entire proceeds of the issue to finance and/or refinance, in whole or in part, eligible sustainable project categories defined in the Sustainable Finance Framework of the BOC, within 24 months from the Date of Allotment.

Further the Bank intends to utilize up to 75% of the proceeds of the Sustainability Bond issue for financing and/or refinancing eligible social projects and the remaining 25% of the funds will be utilized for financing and/or refinancing eligible green projects.

BOC Sustainable Finance Framework

The International Capital Market Association (ICMA) has issued voluntary process guidelines for issuing green bonds. These Green Bond Principles (GBP) (June 2025), together with the Social Bond Principles (SBP) (June 2025) and the Sustainability Bond Guidelines (SBG) (June 2021) are a collection of voluntary frameworks for promoting the global debt capital markets. The four core components for alignment with the Green Bond Principles (GBP) (June 2025), Social Bond Principals (SBP) (June 2025) and Sustainability Bond Guidelines (SBG) (June 2021) are, Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, Reporting.

The Central Bank of Sri Lanka (CBSL) has launched the Sri Lanka Green Finance Taxonomy in May 2022 for integrating sustainability into the country's financial system. This facilitate disclosures and guides investors, companies, and green bond issuers navigate the transition to a low-carbon, climate-resilient, and resource-efficient economy. (Sri Lanka Green Finance Taxonomy May 2022) issued by CBSL.

BOC's Sustainable Finance Framework aligns with the Nationally Determined Contributions (NDCs) under the Paris Agreement, supporting climate mitigation and adaptation. Built on the Bank's Sustainability Policy, it also complies with the International Capital Market Association (ICMA) Green Bond Principles 2025 (GBP) (June 2025), Social Bond Principles (SBP) (June 2025), Sustainability Bond Guidelines (SBG) (June 2021), and the Sri Lanka Green Finance Taxonomy (May 2022) issued by CBSL, to ensure environmentally sound and impactful investments.

The Bank's Sustainable Finance Framework ensures that the Bank has robust systems and procedures in place to identify, evaluate, and classify eligible green and social projects. As the Bank aims to raise funds through the issuance of Green/ Social or Sustainability Bonds (as the Sustainable Finance Instrument), the Framework promotes transparent management of proceeds, clear reporting on environmental and social impacts, and alignment with recognized standards. It also serves as a safeguard against green washing (misleading environmental claims) and social washing (misleading social responsibility claims), helping to maintain investor confidence and protect the Bank's reputation. The BOC's approach for Sustainability Bonds will be aligned with the following key components.

1. Use of Proceeds
2. Process for Project Evaluation & Selection
3. Management of Proceeds
4. Reporting

For heightened transparency: - External Review

Use of Proceeds

The proceeds from the Sustainability Bond will be allocated to finance or refinance eligible green and social projects that align with the Bank's Sustainable Finance Framework.

According to the International Capital Market Association (ICMA), a Green Bond is a bond whose proceeds are exclusively used to finance or refinance projects with clear environmental benefits. These include initiatives such as renewable energy, energy efficiency, green buildings, sustainable water and wastewater management, clean transportation, and environmentally sustainable agriculture. Green Bonds are aligned with the ICMA Green Bond Principles (GBP) (June 2025), which provide transparency and accountability through project selection, fund management, and reporting.

A Social Bond, as defined by ICMA, is a bond where the proceeds are applied solely to projects that generate positive social outcomes or address specific social issues. Such projects typically

focus on improving access to essential services affordable housing, access to essential services such as healthcare and education, affordable basic infrastructure, and support for employment generation and SME financing. Social Bonds follow the Social Bond Principles (SBP), ensuring that funds are used in a socially responsible and impactful manner.

A Sustainability Bond combines the objectives of both Green and Social Bonds, financing a mix of environmentally sustainable and socially beneficial projects. These bonds align with the Green Bond Principles (GBP) (June 2025) and the Social Bond Principles (SBP) (June 2025), and Sustainability Bond Guidelines (SBG) (June 2021) promoting a balanced approach to sustainable development. By addressing environmental and social priorities simultaneously, Sustainability Bonds support an issuer's broader sustainability strategy and long-term commitment to responsible growth.

The proceeds allocated to green projects will be used to finance or refinance activities that contribute to environmental sustainability and climate change mitigation. These include projects promoting renewable energy, energy efficiency, green construction, sustainable water and wastewater management, clean transportation, and pollution prevent and control. By directing bond proceeds toward such initiatives, the Bank supports the transition to a low-carbon and resource-efficient economy while ensuring alignment with recognized green finance standards and taxonomies.

The portion of proceeds dedicated to social projects will be utilized to finance or refinance activities that promote inclusive growth and improved quality of life for underserved communities. Eligible projects include employment generation and programmes designed to prevent and alleviate unemployment stemming from socio economic crises, Food security and Sustainable food systems, access to essential services such as healthcare and education, affordable basic infrastructure. Through these investments, the Bank aims to enhance social well-being, reduce inequalities, and contribute to broader sustainable development objectives in Sri Lanka.

Bank of Ceylon will allocate net proceeds from the Sustainable Financing Instruments issued under this Framework to finance and/or refinance e, in whole or in part, sustainable projects that meet the eligibility criteria defined below, under the following Eligible Sustainable Project Categories (Eligible Sustainable Projects).

Eligible Sustainable Projects Categories

Green Project Categories				
Eligible Categories	**Eligibility Criteria**	**Contribution to SDGs**	**Eligible Project Types**	**Mapping To CBSL Green Finance Taxonomy**
Renewable Energy	Financing or refinancing projects related to renewable energy generation (solar, wind, hydro, geothermal, biogas, biomass with minimal lifecycle emission)		Solar Energy Generation	M3.6, M4.2
			Wind Energy Generation	M3.5
			Hydro Energy Generation	M4.4
			Geothermal Energy Generation	M4.7
			Biogass	M4.8
			Biomass	M4.8

Energy Efficiency	Financing or refinancing projects aimed at installing systems or products that enhance energy efficiency in buildings and Factories		Construction of new buildings	M6.3
Green Construction	Development or renovation of buildings certified under recognized green building standards Eg : Green Building Council of Sri Lanka		Renovation of existing buildings	M6.1
			Acquisition and ownership of buildings	M6.2
			Construction of new buildings	M6.3
			Infrastructure enabling low-carbon road transport	M6.4
			Infrastructure enabling low carbon water transport	M6.5
			Low carbon airport infrastructure	M6.6
			Infrastructure for electric rail transport	M6.7
Sustainable Water, Water Supply &Wastewater Management	Financing or refinancing projects for water treatment, clean/ drinking water infrastructure, wastewater recycling, rainwater harvesting systems, desalination with renewable energy, and improved water-use efficiency		Sewage sludge treatment – anaerobic digestion	M5.1
			Collection and transport of non-hazardous waste in source segregated fractions	M5.2
			Recycling non-hazardous waste	M5.3
			Composting of domestic and agricultural bio-waste	M5.4
			Utilization/ treatment of domestic waste – anaerobic digestion	M5.5
			Recycling of agricultural waste	M5.6
Clean Transportation	Financing or leasing related to acquisition, operation and maintenance of low carbon vehicles for passenger and freight transport.		Construction and operation of public transportation system in urban and rural areas	M7.1
			Construction and operation of rail freight transport and upgrade of existing railways	M7.2
			Construction and operation of facilities for shared transport, including motorbikes, passenger cars and light commercial	M7.3

			vehicles	
			Passenger interurban rail transport	M7.4
			Construction and operation of shared personal mobility devices, cycle logistics	M7.5
Pollution Prevention and Control	Financing or refinancing, construction, upgrade, or renovation of facilities for waste collection and storage, sorting, separation, and material recovery, recycling and reuse of materials, biological treatment (e.g., composting, anaerobic digestion) and waste-to-energy generation (biogas)		Sewage sludge treatment – anaerobic digestion	M5.
			Collection and transport of non-hazardous waste in source segregated fractions	M5.2
			Recycling non-hazardous waste	M5.3
			Composting of domestic and agricultural bio-waste	M5.4
			Utilization/ treatment of domestic waste – anaerobic digestion	M5.5
			Recycling of agricultural waste	M5.6

Social Project Categories		
Eligible Categories	**Eligibility Criteria**	**Contribution to SDGs**
Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socio-economic Crises	Finance or refinance loans to Micro, Small, and Medium Enterprises (MSMEs) and microfinance clients whose operations have been negatively impacted by external events such as natural disasters or health emergencies, including the COVID-19 pandemic. This includes support for employment retention and recovery. **Target group: focus on affected MSMEs and those that are female-owned or female-led businesses.**	
Food Security and Sustainable Food Systems	Finance or refinance the projects that enhance physical, social, and economic access to sufficient, safe, and nutritious food. Eligible activities include improving food storage and conservation infrastructure (e.g., warehouses), enhancing connectivity within the food supply chain to reduce losses, and supporting agricultural productivity and climate-resilient practices, particularly benefiting smallholder farmers. **Target group: Farmers and food producers, market and supply chain actors**	

Access to Essential Services (Healthcare & Education)	finance or refinance projects that expand access to public, not-for- profit, free, or subsidized healthcare and education. This includes the construction, maintenance, or refurbishment of hospitals, clinics, emergency medical infrastructure, and disease control services, as well as schools, universities, kindergartens, vocational training facilities, and related educational programs. **Target group: the general public, particularly communities lacking quality access to essential services.**	
Affordable Basic Infrastructure	Financing of development, construction, and operation of affordable basic infrastructure that improves access to clean drinking water and sanitation services, including sewerage systems. These projects aim to address both rural and urban needs, benefiting the general population. **Target group: The general Public**	

Details of the lending products are presented in Annexure I of the Sustainable Finance Framework for reference. Furthermore, the proceeds raised under this framework shall not be utilized to finance or refinance any projects identified in "Exclusion List", which is provided in Annexure II of the Sustainable Finance Framework of the BOC

The Sustainable Finance Framework of the BOC is available on the website of CSE, www.cse.lk and website of the Bank, www.boc.lk.

Process for Project Evaluation & Selection

Bank of Ceylon has established a robust evaluation and selection process to ensure that the proceeds from the Sustainability Bond are allocated to projects that meet the defined environmental and/or social objectives outlined in the Sustainable Financing Framework.

Every business unit that receives credit facility requests from customers will initially evaluate against the credit criteria and then against the Sustainable Finance framework to identify the projects that are eligible for obtaining financing from bonds issued under this framework. Subsequent to such evaluation, the business units will request for fund allocation for the project from Sustainable Banking Division (SBD).

After funds are allocated, business unit must submit the fund disbursement request to the SBD after following the line management approval process within 3 months from the date of fund allocation. In between fund allocation and approval process ESDD screening will be done based on the ESMS Policy of Bank of Ceylon.

Under this framework, a maximum look-back period of 24 months will apply to refinanced projects. The Bank expects each issuance under this Framework to be fully allocated within 24 months from the date of allotment.

A portion up to 70% of the sustainability bond proceeds may be used to refinance existing eligible green and social projects that continue to deliver measurable environmental and social benefits. Refinancing such projects ensures the efficient use of funds while maintaining alignment with the Bank's sustainability objectives and the eligibility criteria outlined in the

framework. The balance may be used to finance fresh eligible green and social projects. Further the Bank intends to utilize up to 75% of the proceeds of the Sustainability Bond issue for financing and/or refinancing eligible social projects and the remaining 25% of the funds for financing and/or refinancing eligible green projects as stated in 5.3(c) above.

This approach also fulfills the requirement to support ongoing sustainable initiatives through the sustainability bond, ensuring continuity and consistency in financing projects that contribute to long-term environmental and social impact.

ESMS Unit (Environmental and Social Management System Unit)

BOC has implemented a comprehensive Environmental and Social Management System (ESMS) to ensure that all lending decisions align with principles of sustainability and responsible growth. ESMS Unit of the Bank is established under the Independent Integrated Risk Management Division, and the ESMS Officer reports to the Chief Risk Officer through the Assistant General Manager (Credit Risk Management). Guided by the National Environment Act, Directions of Central Bank of Sri Lanka and international standards from ADB and AIIB, the ESMS rigorously screens projects for environmental and social impact. This system plays a vital role in embedding sustainability into Sri Lanka's financial ecosystem, reinforcing BOC's commitment to environmental stewardship and sustainable economic development.

The ESMS will:

- Ensure projects align with BOC's sustainability policy.
- Conduct environmental and social risk assessments according to BOC's Environmental and Social Management System (ESMS).
- Sustainability Committee of Bank of Ceylon is responsible for Approving the eligible projects and maintain compliance with Green Bond Principles (GBP) (June 2025), Social Bond Principals (SBP) (June 2025) and Sustainability Bond Guidelines (June 2021) published by the International Capital Markets Association (ICMA) and the Sri Lanka Green Finance Taxonomy (May 2022) issued by the Central Bank of Sri Lanka (CBSL)

Loan Selection Process

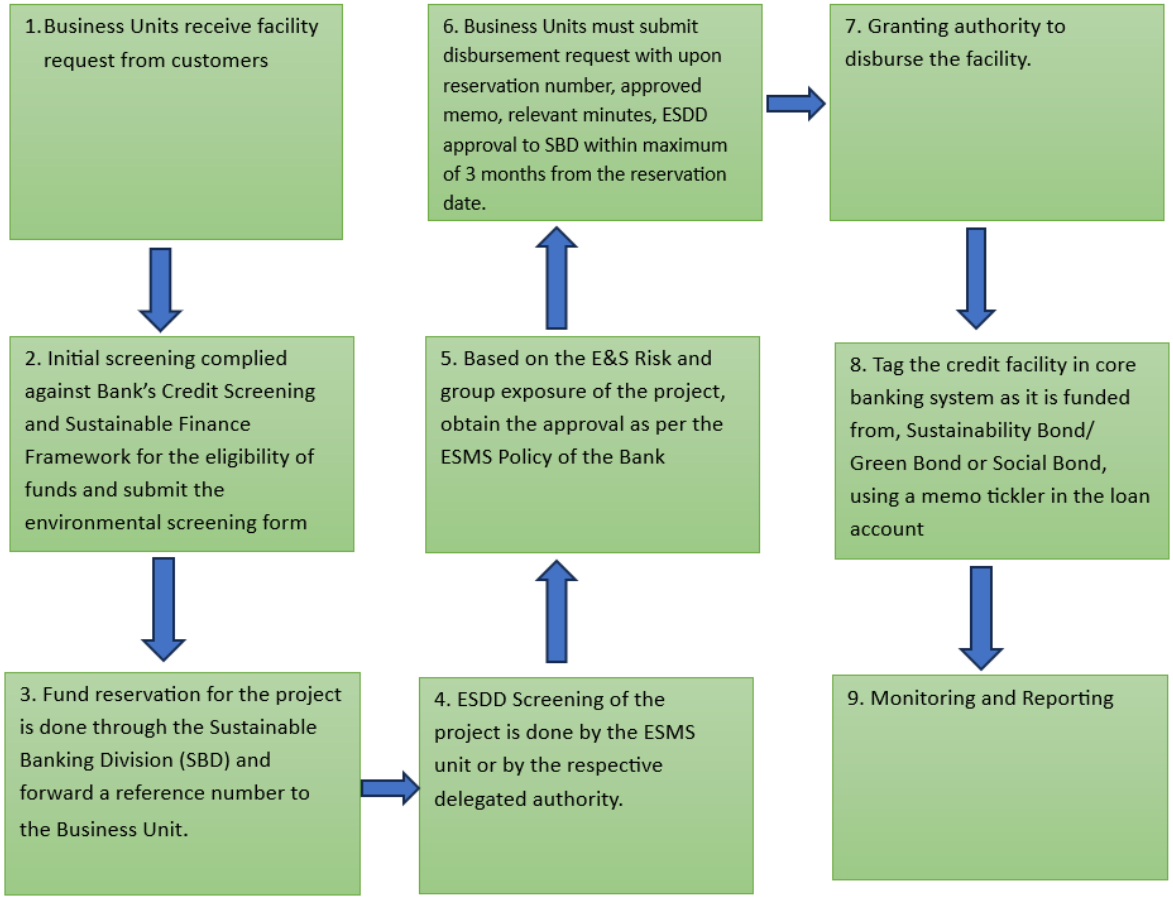
Eligible projects for the Sustainability Bond program will go through all the evaluation stages and due diligence procedures, as established by the Bank for the approval of each credit operation. Once operational risk and ESG risk have been satisfied, first disbursements are approved to finally become part of the Bank's Portfolio. With the technical assistance of ESMS Unit and Sustainability Banking Division, eligible sustainable projects are assessed for inclusion in the Bank's portfolio.

In instances where a funding request does not align with the eligibility criteria set out in the Sustainable Finance Framework, the proceeds from the Sustainability Bond will not be allocated to such projects. Instead, the Bank may consider supporting the request through a conventional credit facility, subject to the standard credit assessment process. If there is the need to replace any project on the list of potential projects funded through proceeds of the Sustainability Bond, BOC will either substitute another project that meet the requirements or fund such project from another funding source, that will be outside the Sustainable finance framework of the Bank.

If a project is to be replaced by another project that would have similar environmental and social benefits, the Bank should ensure that the new project continues to align with the objectives and eligibility criteria outlined in the Sustainable Finance Framework. The responsible department, such as the Sustainable Banking Division & ESMS Unit of the Bank established under the Independent Integrated Risk Management Division should evaluate and confirm that

the replacement project delivers comparable environmental and social outcomes and maintains consistency with the Bank's overall sustainability goals. In such cases, the replacement and justification will be disclosed and explained in the allocation report.

The following diagram describes the process,



Composition of the Sustainability Committee of BOC is as follows.

- General Manager or in his absence Acting General Manager will chair the meeting
- Chief Financial Officer
- Chief Risk Officer
- Chief Legal Officer
- Chief Marketing Officer
- Head of IT/ Chief Information Officer
- Deputy General Managers in charge of Finance and Planning, Product and Banking Development, Branch Operations, Development Banking, Human Resources, Support Services, Corporate and Offshore Banking, International, Treasury & Investment, Branch Credit Operations Range 1, Branch Credit Operations Range 2, Business Revival & Rehabilitation
- Assistant General Manager - Sustainable Banking (Secretary to the Committee)
- Assistant General Manager - Credit Risk
- Any other officer/staff as required (By invitation)

Management of Proceeds

The net proceeds from the issuance of the Sustainability Bond will be managed by Bank of Ceylon in accordance with the Green Bond Principles (GBP) (June 2025), Social Bond Principals (SBP) (June 2025) and Sustainability Bond Guidelines (June 2021) published by the International Capital Markets Association (ICMA) and the Sri Lanka Green Finance Taxonomy (May 2022) issued by the Central Bank of Sri Lanka (CBSL) and the Bank's internal procedures.

Proceeds from the Sustainability Bond issuance will be managed by BOC's Investment Banking Division.

They will,

- Track the allocation of funds through a dedicated internal system to ensure funds are directed only for approved projects.
- Hold any unallocated proceeds temporarily in cash or government securities until suitable projects are identified.
- Ensure the disbursement of funds within 24 months from the date of bond allotment.

Reporting

Where possible, the Bank will disclose to investors the proportion of financing versus refinancing for the Sustainable Bond and report on the allocation of proceeds and environmental impact. The reports will include:

- **Allocation Reporting:**

Bank of Ceylon intends to report the allocation of the Sustainability Bond proceeds on an aggregate basis and will publish an Allocation Report on a quarterly basis until the full allocation of Sustainability Bond proceeds is completed, and thereafter on an annual basis until maturity of the instrument/s issued. The Allocation Report will provide detailed information on how the proceeds have been allocated across eligible projects and categories.

The allocation report will include the following.

- Total proceeds raised from Sustainability Finance Instrument issuance under the Sustainable Finance Framework.
- Total amount allocated to eligible projects
- Total unallocated balance (if any) and treatment of unallocated funds
- Percentage of financing vs. refinancing.
- When possible, descriptions of the Eligible Sustainable Projects financed, including project locations, amount allocated
- Year of disbursement for refinanced projects

- **Impact Reporting**

Apart from disclosing the detailed allocation of the proceeds, BOC will also assess and report on the impact of the proceeds in terms of, where possible, both qualitative and quantitative parameters outlining key performance indicators. To the extent available, the impact indicators presented in the table below will be reported on an annual basis.

The impact reporting will be aligned to ICMA Harmonized Framework for Impact Reporting (as amended) of ICMA.

Eligibility categories	Sample Impact Indicators
Green Project Categories	
Renewable Energy	• Renewable energy capacity installed (MW) • Annual renewable energy generation (MWh/year) • Estimated annual GHG emissions avoided (tCO_2e/year)
Energy Efficiency	• Annual Energy Saving in GJ/TJ (Electricity and other energy savings)
Sustainable Water, Water Supply & Wastewater Management	• Volume of water supplied or treated, reused or recycled (m^3/year) • Percentage reduction in water losses (%)
Clean Transportation	• Number of low carbon vehicles financed or leased • Annual GHG emissions reduction (tCO_2e/year)
Green Construction	• Number of buildings certified under green building standards • Total floor area of certified green buildings (m^2) • Estimated annual energy savings (MWh/year)
Pollution Prevention and Control	• Waste Reduced/ Avoided (tons) • Annual GHG emission reduced/ avoided (tCo2e)
Social Project Categories	
Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socio-economic Crises	• Number and amount of loans to SMEs • Number and amount of loans to microfinance entities • Number and amount of loans to women-led businesses
Food Security and Sustainable Food Systems	• Farmers provided with access to agricultural inputs • Improved yield • Reduced wastage • Reduced Pesticide use • Increased production with organic/ sustainability standards
Access to Essential Services (Healthcare & Education)	• Number of healthcare facilities built or upgraded • Increase in healthcare capacity(number of hospital beds, patient intake capacity) • Number of educational institutions built or upgraded (e.g., schools, vocational training centers) • Number of students enrolled or benefited (disaggregated by gender where possible) • Number of teachers hired or trained
Affordable Basic Infrastructure	• Number of infrastructure projects developed or upgraded (e.g. roads, water systems, electricity grids) • Number of sanitation facilities constructed or improved • Number of households or facilities connected to electricity • Installed energy capacity for new infrastructure (kW/MW) • Length of roads built or rehabilitated (km)

Allocation and Impact Reports will be published in the quarterly and annual reports submitted to CSE, and also made available on BOC's website.

The Impact Reporting Data Collection Templates for Green Projects and Social Projects are provided as Annexures III and IV, respectively of the Sustainable Finance Framework.

External Review

The external reviews will assess compliance with the framework's environmental objectives, as well as adherence to industry standards such as the Green Bond Principles (GBP) (June 2025), Social Bond Principals (SBP) (June 2025) and Sustainability Bond Guidelines (June 2021) published by the International Capital Markets Association (ICMA) and the Sri Lanka Green Finance Taxonomy (May 2022) issued by the Central Bank of Sri Lanka (CBSL).

Pre Issuance Assurance

Before issuing the Sustainability Bond, the framework and eligible projects will be reviewed by an independent external reviewer. This review will evaluate:

- The alignment of the Sustainability bond with the Green Bond Principles (GBP) (June 2025), Social Bond Principals (SBP) (June 2025) and Sustainability Bond Guidelines (June 2021) published by the International Capital Markets Association (ICMA) and the Sri Lanka Green Finance Taxonomy (May 2022) issued by the Central Bank of Sri Lanka (CBSL)
- The environmental and social benefits, and sustainability of the eligible projects
- The robustness of the selection and evaluation process

The independent external reviewer's review report for the Bank's Sustainable Finance Framework will be published on the BOC website, www.boc.lk under the "Sustainability" section and in the CSE website, www.cse.lk under Sustainability Bond Issue of Bank of Ceylon. This section will include the full Sustainable Finance Framework, the Pre Issuance Assurance Report, and other relevant ESG-related disclosures such as annual allocation reports, impact reports, and external reviews.

Post-Issuance Assurance

To enhance accountability, an independent external reviewer will conduct an annual review of:

- The allocation of proceeds to eligible projects
- The environmental and social impact reporting
- The continued compliance of financed projects with the framework

Ongoing Reporting & External Assurance

Annual allocation and impact reports will be made publicly available. These reports will undergo independent verification to ensure:

- Proceeds are allocated to eligible sustainability projects
- Impact metrics are accurately measured and disclosed
- Any unallocated funds are managed responsibly

This annual review will commence a year from issuance date of the Sustainability Bond, and the independent assurance reports will be published in BOC website www.boc.lk and CSE website www.cse.lk.

By maintaining a robust External review process, BOC reinforce our commitment to sustainability, transparency, and investor confidence in our sustainable financing initiatives.

The Bank will disclose the progress of the utilisation of funds raised through this Sustainability Bond 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.

Objective number	Objective as per Prospectus	Amount allocated as per prospectus in LKR	Proposed date of Utilization' as per prospectus	Amount allocated from proceed in LKR (A)	% of total proceed	Amounts utilised in LKR (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized
1	Increase of Tier II capital to enhance the Capital Adequacy Ratio	Total amount raised through the issue; maximum amount Rs. 20 billion	Continuing from the date of allotment of Sustainability Bonds	To be disclosed in the Annual Report and the Interim Financial Statements				
2	Minimize and manage the gap exposure in the Bank's assets/ liability portfolios and to strengthen the Bank's liquidity position							
3	To expand green and social lending portfolio of the Bank.	Maximum up to Rs. 15 billion for financing and/or refinancing eligible social lending portfolio, out of which up to Rs.10.5 billion for refinancing the eligible social projects	Within 24 months from the date of allotment of Sustainability Bonds.					
		Maximum up to Rs. 5 billion for financing and/or refinancing eligible green lending portfolio, out of which up to Rs.3.5 billion for refinancing the eligible green projects.						

The bank's experience is that sustainability loan portfolio of the bank is expanding. During the third quarter of 2025 local currency loans and advances granted for eligible sustainability projects has increased by LKR 21 Bn. The Bank recorded a monthly average gross loan disbursement for eligible sustainability projects of LKR 6.4 Bn (approximately) during the quarter ended 30th September 2025.

Since the proposed Sustainability Bond issue is to raise Rs. 20.0 billion and demand for sustainability credit is excessive there is no specific risk factor that may lead to non-achievement of the objective of the issue.

The objectives of the issue do not amount to a major transaction of the Bank.

Funds raised through the IPO will be utilized for financing and/or refinancing eligible sustainability projects as detailed in the fund utilization table above enhancing the asset base of the bank (i.e. for granting loans and advances to customers) that in turn will improve the CAR of the bank. It is possible to advance the Rs. 20 billion to be raised through the IPO as mentioned in the preceding paragraph. However, if the bank fails to lend these funds due to a systemic risk, or any unseen reason the Bank will seek relevant approvals (as applicable) regarding the course of action to be taken. In such an instance the Bank will make a prior market announcement through the CSE in this regard, complying with item 34 of Appendix 8A of Section 8 of the CSE listing Rules. Then those funds would be invested in Short Term Government Securities or cash equivalents at the interest rates prevailing at the time of investment until the funds are utilized for the intended objectives. Hence there are no significant risk factors that may lead to the non-achievement of IPO objectives within the specified time line. The Bank will comply with the requirements stipulated under continuous listing rules of the CSE specifically applicable to Sustainability Bonds.

Further, the funds raised through the Sustainability Bond Issue is expected to strengthen the Bank's liquidity position and to increase the asset base.

The Bank raised LKR 15 Bn. by issuing Basel III compliant - Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5 year Debentures (2025/30) with Non-Viability Write-Down Features in May 2025 and the required disclosures will be made in the future interim and annual financial statements in compliance with the section 7.6 (xiii) of the CSE listing rules.

Bank has utilized the proceeds of all previous Debenture Issues towards achieving the objectives of the respective Issues.

The Bank has obtained approval from the Central Bank of Sri Lanka (CBSL) on 29.10.2025 to include the value of the Sustainability Bonds under Tier II capital.

5.4 Interest

Type A	A fixed nominal rate of Ten decimal Five percentum (10.50%) (AER 10.50%) per annum on the Principal Sum payable annually at the expiry of every One (01) year period from the date of allotment and every one year there from till redemption of the Sustainability Bonds.
Type B	A floating nominal rate of interest equivalent to 200 basis points (2.00%) above the Weighted Average One (01) year Treasury Bill interest rate (Before Tax) at the latest Primary Auction as announced by the Central Bank of Sri Lanka prior to the interest resetting date for every annual period. This rate will be initially decided on the date of allotment of the Sustainability Bonds and be applicable for a period of One (01) year commencing from the date of allotment of the Sustainability Bonds and thereafter to be determined/revised annually at the expiry of every One (01) year period from the date of allotment of the Sustainability Bonds on the same basis. The interest rates so established shall be notified by BOC to the CSE and the Trustee prior to the commencement of each annual period.

Interest payable in respect of Sustainability Bonds of Types A & B shall be as follows:

The first of such interest payments shall fall due in respect of Sustainability Bonds of **Type A & B** on the date of expiry of **One (01) year** from the date of allotment of the Sustainability Bonds. Interest payments shall be made **within Three (03) working days** from the due dates.

The final interest payments in respect of Sustainability Bonds of Types A & B shall be made with the repayment of the Principal Sum on the date of maturity/redemption of the Sustainability Bonds.

In order to accommodate the Sustainability Bond interest cycles in the CDS System of the CSE the payment of interest shall not include Sustainability Bond Holders holding Sustainability Bonds in the CDS as at the last day of the payment cycle **but one day prior to the due date of interest** (entitlement date). The interest shall be calculated including the due date of interest payment.

Interest calculation shall be based upon the actual number of days in each interest payment period (actual/actual).

In the event of an occurrence of a Trigger Event, as determined by the Governing Board of the Central Bank of Sri Lanka, the Bank shall be required and entitled to issue and allot within twenty (20) days, AT1 Bonds of the Bank ranking equal and pari passu with the existing AT1 Bonds, to the Sustainability Bond holders up to the outstanding balance of such Sustainability Bonds, including the total par value of the Sustainability Bonds and the accrued unpaid Sustainability Bond interest. As such, upon the issuance of AT1 Bonds to the Sustainability Bond holders, as stated above, no interest will be accrued on Sustainability Bonds thereafter, as the Sustainability Bonds will cease to exist.

5.5 Payment of the Principal Sum and Interest

Payment of the Principle Sum and interest on the Sustainability Bonds will be made after deducting any charges thereon (if any) in Sri Lankan Rupees to the Sustainability Bond Holders registered as at the due date of interest/Principle sum either through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as SLIPS and RTGS in the event accurate bank account details of the Sustainability Bond holders are provided or by cheque/s marked “Account Payee Only” sent by ordinary mail to the addresses of Sustainability Bond Holders recorded with CDS, at the risk of the Sustainability Bond Holders if bank account details are not provided to the CDS or the bank account details provided to the CDS are inaccurate.
However RTGS transfers could be effected 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)

5.6 Application of tax on Interest Payments

Interest on the Sustainability Bonds will be paid after deducting any taxes and charges thereon (if any) as per the applicable law prevalent at the time the interest payment to the Sustainability Bond Holders.
Qualified Investors are advised to obtain clarifications in this regard from their tax advisors.

5.7 Redemption

BOC shall redeem the Sustainability Bonds of Types A and B on expiry of 5 years from the date of allotment of the Sustainability Bonds (i.e. on the date of maturity). The Bank, within Three (3) Working Days of the respective Date of Maturity shall in accordance with the provisions contained in the Trust Deed pay to the Sustainability Bond holders the principal amount (redeemed at par) of the sustainability Bonds which are to be redeemed and accrued interest (if any) payable on the Sustainability Bonds 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, such payment shall be made by crossed cheque marked "Account Payee Only" posted in a registered cover to the addresses provided by the Sustainability Bond holders to the CDS at the risk of the Sustainability Bond holders. The Sustainability Bondholders shall not have any right or option to call for redemption of the Sustainability Bonds before the Date of Redemption of such sustainability Bonds. These Sustainability Bonds will not be redeemed by the Bank prior to maturity for any reason whatsoever except the occurrence of an Event of Default as contemplated in the Trust Deed.

Repayment before the maturity of the Principle Sum of the Sustainability Bonds in any circumstance shall be subject to the prior approval of the Sustainability Bond holders of 3/4th of the Principle Sum of the Sustainability Bonds outstanding at that time and the prior written consent of the Central Bank of Sri Lanka. The Sustainability Bond Holder shall not have any right or option to call for redemption of the Sustainability Bonds before the date of maturity of such Sustainability Bond. However, if a Trigger Event occurs prior to maturity or at the point of maturity, the Sustainability Bonds will be permanently written off and any liability arising from such instrument at the point of non-viability shall take the character of an AT1 Bonds ranking equal and pari passu with the existing AT1 Bonds of the Bank.

As such, CSE Listing Rule 7.12.4 A II (d) (payment of maturity proceeds to dissenting bondholders) or any other Rule which could accelerate the repayment of future scheduled payments or any other Sustainable Bond features (or Green Bond features, depending on the prevailing terminology in the CSE Listing Rules at such point of time) shall not be applicable to these Basel III compliant Sustainability Bonds. However, the Sustainability Bonds will not be recognized as Sustainability Bonds in the event of a Non-compliance with the applicable Sustainability requirements. Such Non-compliance many lead the Bank to effect changes to the existing features of the proposed Sustainability Bonds along with any other benefits attached to proposed Sustainability Bonds. The relevant approvals of such changes will be obtained where applicable. 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.

5.8 Write-Down Mechanism

5.8.1 Trigger Event

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

a) A decision that a write-down, without which the Bank would become non-viable, is necessary, as determined by the Governing Board of CBSL, or
b) The decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by the Governing Board of CBSL

5.8.2 Write-down mechanism at a point of non-viability

The Sustainability Bonds shall have a principal loss absorption feature through a write-down mechanism which allocates losses to the instrument, at a point of non-viability determined by the Governing Board of CBSL ("Trigger Event"). If the Trigger event occurs the Sustainability Bonds shall be permanently written off and any liability arising from such instrument at the point of non-viability shall take the character of Additional Tier 1 (AT1) Bonds and shall be subordinated to claims of every other liability.
However, if the trigger event occurs, the Government of Sri Lanka as the sole shareholder of the Bank will liaise with the CBSL to restore the Bank's viability. The Board of Directors of the Bank are responsible for exercising the write-down mechanism as directed by the CBSL, the Regulator. The decision to write-down shall be pari-passu on all Sustainability Bonds issued under BASEL III compliant with the feature of loss absorption fully, partially or pro rata as determined by the Governing Board of CBSL.

The Bank on receipt of a Trigger Event notification from the CBSL will immediately inform the investors and the write-down mechanism would be activated. The Bank shall immediately thereupon take the under mentioned actions.

i) Notify the Investors
ii) Suspend the transfer of the Sustainability Bonds between qualified investors, until receipt of further instructions from CBSL.
iii) Suspend payment of any coupon payments immediately after the trigger point, for the written down value, from written down date and make arrangements to pay coupon on pro rata basis for the non-written down fraction (if any) at the due date.
iv) Without the consent of Sustainability Bond Holders, outstanding principal balance of the Sustainability Bond and accrued unpaid Sustainability Bond interest (if any), shall be permanently written off by converting to AT1 Bonds that will be subordinated to the claims of every other liability and having the features described under the Web Based Return Code 20.2.2.1.1.1 of the Banking Act Direction No.1 of 2016 dated 29th December 2016, that is more fully described under 5.9.3 below.
v) The conversion price is the same as issue price of AT 1 Bonds stated in 5.9.3 below. Furthermore, the interest rate assigned to the AT1 bonds will be the same as the fixed rate applied to the fixed-rate Basel III Sustainability Bonds, upon the conversion of both fixed-rate and floating-rate Basel III Sustainability Bonds, and subject to the sole discretion of the Central Bank of Sri Lanka.

5.8.3 Features of the AT1 Bonds

Issuer	Bank of Ceylon
Instrument	Basel III Compliant, Rated, Listed, Unsecured, Subordinated, Perpetual, Additional Tier 1 Capital (AT1) Bonds with a non-viability full and permanent write down feature. Such AT1 Bonds will be perpetual in nature and equivalent to the perpetual debt securities as per the CSE Listing Rules.
Listing	If a Trigger Event occurs for the BASEL III Sustainability Bonds, any liability arising from such instrument at the point of such non-viability will be converted to the AT 1 Bonds and will be listed on the Colombo Stock Exchange.
Issue Rating	If a trigger event occurs for the BASEL III Sustainability Bonds, a rating will be obtained for AT 1 Bonds prior to the issuance. Hence, the AT 1 bonds may have an investment grade or below rating at such point of time.
Issue Price/ Conversion Price	LKR 100/- per each AT1 Bond
Number and Amount of AT 1 Bonds to be issued	If a Trigger Event occurs for the Sustainability Bonds, the outstanding principal balance of the Basel III Sustainability $\text{Number of AT I Bonds} = \frac{\text{Outstanding Principal Balance of Basel III Sustainability Bonds} + \text{Accrued Unpaid Sustainability Bond Interest}}{100}$ Bonds and accrued unpaid Sustainability Bond interest (if any), at the point of such non-viability will be converted to the AT 1 Bonds. The number of AT 1 Bonds to be issued will be notified to the CSE as stated in section 5.9.6.

<table>
<tr><td>Details of AT1 Bonds</td><td>
<table>
<tr><th>Type of Interest</th><th>Tenure (Years)</th><th>Interest Rate (per annum)</th><th>Interest Payment Frequency</th></tr>
<tr><td>Fixed Rate</td><td>Perpetual</td><td>10.50%
AER (10.50%)</td><td>Annually</td></tr>
</table>
Interest payment frequency is annually at the expiry of every one-year period from the date of allotment of the AT1 Bonds, subject to the conditions described under items 7 to 9 of the Web Based Return Code 20.2.2.1.1.1 of the Banking Act Direction No.1 of 2016 dated 29th December 2016 as detailed below.

(7) Coupon discretion:
(i) The Bank has full discretion at all times to cancel distributions or payments: In this regard, mandatory distributions are prohibited;
(ii) Any cancellation of coupon is not an event of default;
(iii)The Bank must have full access to cancelled coupon payments to meet obligations as they fall due; and
(iv) Any cancellation of coupon does not impose restrictions on the Bank, except in relation to distributions to ordinary shareholders.

(8) coupons must be paid out of distributable items: Any coupon to be paid under the capital instrument is only paid to the extent that the Bank has retained profits for distribution.

(9) The capital instrument shall not have a coupon that is reset periodically, based in whole or in part on the credit standing of the Bank or the Banking Group.

Therefore, the Bank will not make any additional payment to the Perpetual Debt Securities holders in the event of a default in payment of interest.
</td></tr>
<tr><td>Issue Date</td><td>Within twenty (20) days upon the occurrence of the Trigger Event for the BASEL III Sustainability Bonds as determined by the Governing Board of the CBSL.</td></tr>
<tr><td>Interest Payment Date(s)</td><td>Date of expiry of every One (01) year period commencing from the date of allotment of the AT1 Bonds.
Interest payments will be made not later than Three (03) working days from the due date of interest payment.</td></tr>
<tr><td>Redemption</td><td>These Bonds are irredeemable, subject to the Call Option mentioned below, where the AT1 Bonds may be fully redeemed. Further, if a trigger event occurs for the AT 1 Bonds, and the AT 1 Bonds will be permanently written off with capital and accrued interest, and it shall cease to exist.</td></tr>
<tr><td>Call Option</td><td>These Bonds may be callable by the Bank at its discretion at any time after the expiry of five (5) years from the date of issue, subject to satisfying the following minimum requirements specified in item 5 of the Web Based Return Code 20.2.2.1.1.1 of the Banking Act Direction No.1 of 2016:
i) Prior approval of the Governing Board to exercise a Call</td></tr>
</table>

	Option has been obtained by the Bank; ii) The Bank shall not create an expectation that the Call Option will be exercised; and iii) The Bank shall not exercise a Call Option unless: a. The capital instrument is replaced by the Bank with capital of the same or better quality and the replacement of this capital is done in a manner that does not affect the income capacity of the issuing bank; or b. The Bank demonstrates that its capital position/ratios will be maintained well above the minimum after the Call Option is exercised. Upon an exercise of the Call Option if the scheduled date of redemption/maturity falls on a non-working day on which the banks are closed for business, then the Bonds will be redeemed on the next working day from the scheduled date of redemption/maturity with the Interest up to date of actual payment of the Principal Sum. Subject to the above, if the Bank exercise the Call Option, the AT 1 Bonds shall cease to exist.
Mode of Payment of Principal Sum & Interest	Interest will be paid to Bond Holders through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as SLIPS and RTGS (arranged only at expense of the investor) in the event accurate bank details have been provided, or by crossed cheques marked "Account Payee Only" in the event accurate bank details have not been provided. The same procedure will be followed for the payment of Principal Sum, if the call option is exercised. RTGS transfers however could be effected 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).
Write down Mechanism of AT1 Bonds	In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Governing Board of CBSL, there would be a full and permanent write off of AT1 Bonds by the Bank without any requirement of approval by the Bond Holders, in compliance with Basel III requirements.
Trigger Point/Event of AT1 Bonds	Means the earlier of a point at which the Governing Board of the CBSL determines; (a) that the Bank would become non-viable without a write down in terms of item 11(iii)(a) of the Web Based Return Code 20.2.2.1.1.1 of the Banking Act Direction No. 1 of 2016 dated 29th December 2016; or (b) to make a public sector injection of capital or equivalent support without which the Bank would have become non-viable in terms of item 11 (iii)(b) of the said Direction.
Trustee	People's Bank
Rating Agency to the Issue	Lanka Rating Agency Limited

All the features of BASEL III Sustainability Bonds and AT1 Bonds including trigger events and permanent write off stated above are in compliance with the CBSL Directions and the CBSL granted approval on 29.10.2025 to include these BASEL III Sustainability Bonds under the Tier II Capital of the

Bank subject to complying with the requirements stipulated in the Listing Rules of the CSE for the listing and trading of the Sustainability Bonds, indicating that the issue and listing of Perpetual Bonds have been approved by CBSL.

5.8.4 Special circumstances

i) Trigger event may occur more than one occasion during the life span of the BASEL III Sustainability Bonds and the AT 1 Bonds.

ii) Once the outstanding principal balance of the Sustainability Bonds and accrued unpaid Sustainability Bond interest (if any) has been permanently written off by converting to an AT1 instrument pursuant to the trigger event, written down amount will not be restored under any circumstances, even though the trigger event has ceased to continue subsequently.

iii) If the bank is merged with or acquired by another bank after the Sustainability Bond being written down pursuant to a trigger event and, the other holders of equity shares get positive compensation on such mergers or acquisition, the Holders of Sustainability Bonds who have been written down pursuant to the trigger event will also have to be appropriately compensated.

iv) If the Bank goes into liquidation before the Sustainability Bonds have been written-off, these instruments will absorb losses in accordance with the order of seniority as per usual legal provisions governing priority of charges.

5.8.5. Applicable Timelines

Upon the occurrence of the Trigger Event as determined by the Governing Board of the CBSL, the Bank shall be required and entitled to issue within twenty (20) days AT1 Bonds of the Bank ranking equal and pari-passu with the existing AT 1 Bonds of the Bank to the Sustainability Bond Holders as of the Trigger Date, up to the outstanding balance of such Sustainability Bonds including the total par value of the Sustainability Bonds plus accrued and unpaid Sustainability Bond Interest (if any) as at that date at an issue price of LKR 100 per each AT 1 Bond.

Allotment of BASEL lll Complaint Sustainability Bonds will be carried out as detailed in section 6.8 below and the CDS upload pertaining to the same will be completed within a period of twelve (12) Market Days from the date of closure of the subscription list in compliance with the provisions in 2.4 (m) of the CSE Listing Rules.

Upon the completion of crediting the BASEL III Compliant Sustainability Bonds to investors' CDS Accounts, the Bank will send written confirmations to the investors within two (02) Market Days of crediting the CDS Accounts. The Bank will submit to the CSE a 'Declaration' as set out in 2.4 (o) of the CSE Listing Rules, on the Market Day immediately following the day on which the investors' CDS accounts are credited with the BASEL III Sustainability Bonds.
BASEL lll Compliant Sustainability Bonds will be listed on or before the third (03) Market Day upon receipt of the Declaration by the CSE as per the provisions in 2.4 (p) of the CSE Listing.

The CDS upload pertaining to AT1 Bonds will be completed within Twelve (12) Market Days from the date of issue of such AT1 Bonds and the Bank will make a Market Announcement as detailed in 5.9.6 below.

In the event of any Sustainability Bond Holder being entitled to a fractional allotment of an AT1 Bonds on such issuance, the Bank shall settle such sums in cash, based on the issue price of such AT1 Bonds within fourteen (14) Market Days from the date of allotment of the AT1 Bonds.

If a Trigger Event occurs for the AT 1 Bonds as determined by the Governing Board of the CBSL, the Bank shall be required to fully and permanently write down AT 1 Bonds without any requirement of approval by the Bond Holders, in compliance with Basel III requirements within twenty (20) days from the occurrence of such Trigger Event.

5.8.6 Market Announcements

The Bank on receipt of a Trigger Event notification from the CBSL will immediately make a market announcement of the same and further announce the "number of AT1 bonds to be issued", "price" and "dates" (i.e. Trigger Event date, date of allotment and CDS upload date) pertaining to the permanent write off of Basel III Sustainability Bonds and issuance of such AT1 Bonds. The Bank will make a Market Announcement, on the Market Day immediately following the day on which the investors' CDS accounts are credited with the AT 1 Bonds. The Bank will make a market announcement on the new rating of the AT 1 Bonds upon receiving the final rating report from the Lanka Rating Agency Limited.

If a Trigger Event occurs for the AT 1 Bonds, the Bank on receipt of such notification from the CBSL, will immediately make a market announcement indicating the full and permanent write down of AT 1 Bonds without any requirement of approval by the Bond Holders, in compliance with Basel III requirements within twenty (20) days from the occurrence of such Trigger Event.

5.8.7 Compliance with applicable laws and regulations

Issue of any new AT1 Bonds due to occurrence of a Trigger Event for BASEL III Sustainability Bonds and full and permanent write down of AT 1 Bonds due occurrence of a subsequent Trigger Event, would be carried out in compliance with the applicable laws and regulations of Sri Lanka, including any regulations applicable on 'material interest that a shareholder may hold' in terms of the Banking Act No 30 of 1988 (as amended).

5.9 The Procedure to be followed in the event of non-occurrence of a "non-viable situation"

If a "non-viable situation" does not occur, section 5.8 above will not apply and payment of principal sum and interest on Sustainability Bonds will be carried out as set out in sections 5.4 and 5.5 of this Prospects.

5.10 Trustee to the Issue

People's Bank has agreed to act as the Trustee for this Sustainability Bonds Issue and has certified/confirmed its compliance and fulfilment of the requirements specified under Section 2.2.1.(n)'Appointment of Trustee' of the Listing Rules of the CSE. The Bank and the Trustee have executed a Trust Deed on 10th December 2025 The Sustainability Bond holders in their Application for subscription will be required to irrevocably authorize the Trustee, subject to any overriding clauses in the Trust Deed to act as their agent in entering into such deeds, writings and instruments with the Bank and to act as the Trustee for the benefit of and interest of the Sustainability Bond Holders on the terms and conditions contained in the said Trust Deed.

The rights and obligations of the Trustee are set out in the Trust Deed.

The fee payable to the Trustee will be Sri Lanka Rupees Three hundred and fifty thousand (LKR 350,000/-) per annum (payable semi-annually) plus statutory levies.

Trustee/its directors have no conflict of interest with the Bank, except that the Trustee is one of the banks rendering banking related services to the Bank.

5.11 Independent External Reviewer Report

Bank has appointed KPMG Sri Lanka as the Independent External Reviewer for the issuance. The Independent External Reviewer has agreed to provide a verification in the form of a written report (Annexure VI) for Bank of Ceylon's Sustainable Finance framework.

Bank of Ceylon's Sustainable Finance Framework aligns with the Nationally Determined Contributions (NDCs) under the Paris Agreement, supporting climate mitigation and adaptation. Built on the Bank's Sustainability Policy, it also complies with the International Capital Market Association (ICMA) Green Bond Principles 2025 (GBP), Social Bond Principles (SBP), Sustainable Bond Guidelines (SBG), and the Sri Lanka Green Finance Taxonomy issued by CBSL, to ensure environmentally sound and impactful investments.

The Independent External Reviewer has no conflict of interest with the Company and remains fully independent until the Sustainability Bonds reach maturity.

The Bank has appointed KPMG Sri Lanka as the Independent External Reviewer for the issuance. The Independent External Reviewer has agreed to provide an independent external verification in the form of a Pre-Issuance Assurance Report (Annexure VI) for Bank of Ceylon's Sustainable Finance Framework, in accordance with the pre-issuance assurance requirements of the Green Bond Principles (GBP) (June 2025), Social Bond Principals (SBP) (June 2025) and Sustainability Bond Guidelines (June 2021) published by the International Capital Markets Association (ICMA) and the Sri Lanka Green Finance Taxonomy (May 2022) issued by the Central Bank of Sri Lanka (CBSL).

The Independent External Reviewer has no conflict of interest with the Bank and remains fully independent until the Sustainable Bonds reach maturity.

Key Personnel involved in the verification report provided by the Independent External Reviewer:

- Pyumi Sumanasekara (Partner)
- Julie Castiaux (Partner)
- Shazaad Ninzer (Director)
- Lucie Detaille (Director)
- Fahima Mohideen (Manager)
- Amrithaa Chandrakumar (Assistant Manager)
- Melissa Almeida (Associate Consultant)

Past Experience of the Independent External Reviewer:

KPMG in Sri Lanka, established in 1897, has extensive experience in ESG projects locally and globally. Its sustainability practice, launched in 2007, began with sustainability assurance aligned with the Global Reporting Initiative (GRI) and has since expanded to provide a range of ESG advisory services, including ESG framework development, sustainability strategy, reporting, and ESG due diligence. KPMG is a trusted partner in advancing sustainable development and responsible business practices in Sri Lanka and beyond.

Client (Anonymized)	Year	Type of Bond	Internationally recognized market standards, principles, and guidelines (e.g. ICMA GBP, ASEAN GBS, CBI CBS)	Project Categories
International financial institution based in Luxembourg	2015-2025	Green bonds and sustainability bonds framework under the ICMA principles	ICMA GBP, EU Taxonomy, EU GBS	In relation to green bonds: • Energy generation and supply • Transport and mobility • Buildings and construction • Manufacturing & Industrial Processes • Energy Efficiency & Demand Management • Research, Development & Innovation (RDI) In relation to sustainability bonds: • Biodiversity • Education • Housing • Heath • Water
Rolling stock leasing company serving the European market	2023-2025	Green bonds and/or green loans under the ICMA principles	ICMA GBP	Rolling stock related projects
Provider of flexible leasing solutions in Europe and based in Luxembourg, has owned and leased locomotives and passenger trains	2022	Green bonds and/or green loans under the ICMA principles	ICMA GBP	Rolling stock related projects

Client (Anonymized)	Year	Type of Bond	Internationally recognized market standards, principles, and guidelines (e.g. ICMA GBP, ASEAN GBS, CBI CBS)	Project Categories
for nearly 25 years.				
German conglomerate, headquartered in Luxembourg	2022-2025	Sustainability-linked bonds (Sustainability Performance Targets outlining the performance against the SPT and the related impact, and timing of such impact, on a bond's financial performance)	ICMA, SBTi	Investments in companies operating in the areas of consumer goods, coffee, luxury fashion, animal health, and fast food, among others
Leading Banking Institution in Sri Lanka	2024	Green Bond in alignment with the Green Bond Principles (June 2021, with June 2022 Appendix) published by the ICMA	ICMA GBP	Eligible Projects / Criteria: Ground and rooftop mounted Solar PV electricity generation projects conforming to the requirements of the Sri Lanka Green Finance Taxonomy (May 2022) (including mounting structures, transmission infrastructure, grid connections and other supporting infrastructure including inverters, transformers, energy storage systems and control systems)
Leading Banking Institution in Sri Lanka	2025	Blue bond in alignment with Green Bond Principles (GBP) (June 2025),	ICMA GBP, SBP, SBG, Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide	Eligible Projects / Criteria: Renewable Energy Clean Transportation Coastal Climate Adaptation and Resilience Marine Ecosystem

Client (Anonymized)	Year	Type of Bond	Internationally recognized market standards, principles, and guidelines (e.g. ICMA GBP, ASEAN GBS, CBI CBS)	Project Categories
		Bonds to Finance the Sustainable Blue Economy: A Practitioner's Guide (September 2023), Social Bond Principals (SBP) (June 2025) and Sustainable Bond Guidelines (June 2021) issued by the International Capital Market Association	(September 2023)	Management, Conservation, and Restoration, including Sustainable Marine Value Chains Sustainable Coastal and Marine Tourism Marine Pollution Prevention Affordable Basic Infrastructure

Key members who are involved in the external review for Bank of Ceylon possess experience in delivering ESG and sustainability assurance services across several industries including financial institutions.

The scope of the pre-issuance assurance engagement was to provide limited assurance on material aspects of the Sustainable Finance Framework which formed the basis for the proposed Sustainable Bond based on the Pre-Issuance Requirements set out in the Green Bond Principles (GBP) (June 2025), Social Bond Principals (SBP) (June 2025) and Sustainability Bond Guidelines (June 2021) published by the International Capital Markets Association (ICMA) and the Sri Lanka Green Finance Taxonomy (May 2022) issued by the Central Bank of Sri Lanka (CBSL), as listed below:

- Use of Proceeds
- Process for Evaluation and Selection of Projects & Assets
- Management of Proceeds
- Reporting

5.12 Rating of the Sustainability Bond

Lanka Rating Agency Limited (LRA) has assigned a credit rating of 'AA- (Stable)' to the Sustainability Bonds. A copy of the rating report issued by LRA is set out in Annexure I of this Prospectus.

The Bank's rating is 'AA- (lka)/Stable' Outlook by Fitch Ratings Lanka Limited (FRLL).

The Board of Directors would undertake to keep the CSE followed by a disclosure to the market and the Trustee of the Sustainability Bond informed on any change to the Credit rating of the Sustainability Bonds when the Board of Directors are aware of any changes to the ratings. The

Bank shall make any further disclosures on down grade of the Credit Rating of Sustainability Bonds, if CSE shall notify the Bank of any further disclosure requirements, as applicable.

On 12th January 2023 Fitch Ratings Lanka Limited downgraded the National Long-Term Ratings of 10 Sri Lankan banks following the sovereign downgrade at that time and the recalibration of the Rating Agency's Sri Lankan national rating scale. As a result, Bank of Ceylon's National Long-Term Rating was downgraded from 'AA-(lka) to 'A(lka)' placing it on Rating Watch Negative (RWN). The outstanding Sri Lankan Rupee denominated Subordinated Debt of the Bank was also revised two notches below the Bank's National Long-Term Rating, i.e. 'BBB+(lka)'/RWN from 'A(lka)'/RWN. A market announcement in this regard was made to the CSE on 13th January 2023. Subsequently Fitch Ratings Lanka Limited on 05th October 2023, affirmed the Bank's National Long-Term Rating at 'A(lka)' assigning a Stable Outlook replacing the RWN. Fitch Ratings Lanka Limited reaffirmed the Bank's National Long-Term Rating at 'A(lka)' with a Stable Outlook on 09th June 2024. On 21st January 2025, Fitch Ratings Lanka Limited upgraded the National Long-Term Ratings of 10 Sri Lankan banks following the sovereign upgrade and recalibration of the agency's Sri Lankan national rating scale. Accordingly, the Bank's National Long-Term Rating was upgraded to 'AA-(lka)/Stable', effective 21st January 2025. A market announcement in this regard was made to the CSE on 22nd January 2025.

5.13 Rights and Obligations of the Sustainability Bond Holders

a) Sustainability Bond holders are entitled to the following:
   - Receiving the Principal Sum at maturity and interest on the Sustainability Bonds as per Section 5.5, 5.6, 5.7 and 5.8 of this Prospectus, subject to the provisions contained in this Prospectus regarding the occurrence of a Trigger Event.
   - Ranking above the shareholder (Government of Sri Lanka) in the event of liquidation
   - Calling and attending meetings of the Sustainability Bonds Holders as set out in the Trust Deed.
   - Receiving a copy of the annual report of the Bank within 5 months from the financial year end.
   - The other rights of the holders of these Sustainability Bonds as set out in the Trust Deed

b) Sustainability Bond Holders are not entitled to the following:
   - Attending and voting at the meetings of the holders of shares and other Debentures issued by the Bank.
   - Sharing the profits of the Bank.
   - Participating in any surplus in the event of liquidation.
   - Calling for redemption before maturity, subject to the provisions stated in the Trust Deed

   However, if the Sustainability Bonds-Holders become holders of AT 1 bonds f the Bank, due to the occurrence of a Trigger Event, they would be immediately entitled to exercise the rights and obligations detailed below;

   - Receiving the interest/capital on the AT1 Bonds as per Section 5.9.3 of this Prospectus, subject to the provisions contained in this Prospectus regarding the coupon discretion and the Call Option.
   - Ranking above the shareholder (Government of Sri Lanka) in the event of liquidation
   - Calling and attending meetings of the AT 1 Bond Holders as set out in the Trust Deed.
   - Receiving a copy of the annual report of the Bank within 5 months from the financial year end.

c) Holders of other Listed Debt Securities have the same rights as above.

d) Each Sustainability Bonds Holder must ensure that the information in respect of the securities account maintained with the CDS is up to date and accurate. Each Sustainability Bond 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 Sustainability Bond Holders 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 error or inaccuracies or absence of changes are attributable to any act or omission of the Sustainability Bond Holders.

5.14 Benefits of Investing in Sustainability Bonds

- Provides the Qualified investor an attractive interest income throughout the investment period.
- Provides an opportunity to diversify the investment portfolio of the Qualified Investor.
- Provides an opportunity to realize capital gain according to interest rate fluctuations in the financial markets.
- Being listed on the CSE, the Sustainability Bond will have a secondary market, limited to Qualified investors as detailed in this Prospectus, thus Qualified investors will be able to exit from the investment at any time.

5.15 Risks in investing in the Sustainability Bonds

Subscribers to the Sustainability Bonds could be exposed to the following risks:

Interest Rate Risk

The price of a typical Sustainability Bond will change in the opposite direction to a change in the market interest rates assuming all other factors are equal. “Market Interest Rate” refers to interest rate expected by the investors for investments with similar maturity and risk profile. As market interest rates rise, price of the Sustainability Bond may fall and vice versa. If an investor sells a Sustainability Bond prior to maturity when market interest rate is higher than BOC Sustainability Bond interest rates, the investor may incur a capital loss. Similarly, if an investor sells a Sustainability Bond prior to maturity when market interest rate is lower than the BOC Sustainability Bond interest rate, then the investor may receive a capital gain. This uncertainty is known as interest rate risk.

Further, if the Weighted Average One (01) year Treasury Bill rate plus Two Hundred basis points (2.00%) rise above the fixed rate of the Sustainability Bonds, the floating rate investor will

gain more than the fixed rate investor whilst if the one year Weighted Average one (01) year Treasury Bill rate plus 200 basis points fall below the fixed rate of the Sustainability Bond, the floating rate investor would earn an interest below the fixed rate investor.

Reinvestment Risk

BOC shall pay interest on the Sustainability Bonds of Type A and B annually. A Qualified investor may decide to reinvest this interest payment and earn interest on interest. Depending on the prevailing market interest rates, the Sustainability Bond Holder may be

able to reinvest the paid interest at a higher or lower interest rate than that is offered by the BOC Sustainability Bond. This uncertainty is known as "reinvestment risk"

Default Risk

Default risk also known as Credit risk, refers to the risk that the issuer of a Sustainability Bond may default. i.e. the issuer will be unable to pay interest and Principal Sum when due. It is advisable for prospective Qualified investors to take into account past earnings and asset growth performance of BOC, present financial strengths as reflected in the Balance Sheet of the Bank, its Risk Management Policies, FRLL Rating of ' AA-(lka)'/Stable for BOC, and the experience and skills of Directors and Senior Management Team and finally state ownership when forming an opinion on Default Risk.

LRA has assigned a credit rating of AA- (Stable) to the Sustainability Bonds. A copy of the relevant rating certificate is given in Annexure III of this Prospectus.

However, credit ratings may not reflect all risks associated with the investment in the Sustainability Bonds.

Liquidity Risk

Liquidity Risk refers to the ability to encash the Sustainability Bond by selling it since the initial placement. As the Sustainability Bond is listed on the CSE, Qualified investors will be able to sell them in the secondary market at any given point of time and convert them to cash.

However, a downgrade, suspension or withdrawal of the rating assigned by LRA to the Sustainability Bonds could cause the liquidity or market value of Sustainability Bonds to decline. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal Risk

Changes in law, or changes in regulatory classification during the tenor of the Sustainability Bond may adversely affect the rights of holders of Sustainability Bond as well and could cause the market value of the Sustainability Bonds to decline.

Duration Risk

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

Subordination Risk

Subordination means that the rights and claims of Sustainability Bond Holders in respect of the payment of capital and interest on the Sustainability Bonds will, in the event of winding up of the Bank, rank after the claims of all unsubordinated debt and will not be repaid until all other unsubordinated debt outstanding at the time has been settled. However, claims in respect of these Sustainability Bonds are subject to the loss absorption at the pre-specified trigger /point of non-viability stated under section 5.9 of this Prospectus.

The Sustainability Bonds will be the Bank's direct unsecured obligations which, if the Bank becomes insolvent or is wound-up (prior to the occurrence of a Trigger Event), will rank equally with the Bank's other subordinated indebtedness and will be subordinate in right of payment to the claims of the Bank's depositors and other unsubordinated creditors. Therefore, if, prior to the occurrence of a Trigger Event, the Bank becomes insolvent or is wound-up, the assets of the Bank would first be applied to satisfy all rights and claims of`

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

Sustainability Bond Risk

The impact reporting under the Sustainability Bond will be aligned to Harmonized Framework for Impact Reporting (as amended) of ICMA. There may be challenges in evaluating the actual green and social benefits claimed by Sustainability Bond issuers. In the event the External Reviewer cannot confirm that the funds have been utilized for the intended objectives as per Section 7 of the CSE Listing Rules, dissenting options will be provided to debt holders, allowing them to redeem their Sustainability bonds early. As a result, the CSE will no longer recognize such Debt Securities as Sustainability Bonds.

This non-recognition could lead the BOC to modify the existing features of the proposed Sustainability Bonds and any associated benefits

5.16 Loss-Absorption related Risks related to Non-Viability Write–down

i. The Sustainability Bond may be subject to a Non-Viability Write-down which could result in a Conversion of the entirety of the BASEL Sustainability Bond to AT 1 Bonds

Upon the occurrence of a Non-Viability Write-down, outstanding principal balance of the Sustainability Bonds and accrued unpaid Sustainability Bonds interest (if any), shall be permanently written off by converting to AT1 Bonds that will be subordinated to claims of every other liability to the extent required and as determined by the Monetary Board of CBSL. Such AT1 Bonds will be transferred to the 'Watch List' immediately, in the event the rating of such AT1 Bonds happens to be at below Investment Grade Rating at the point of such conversion in compliance with the CSE Listing Rule 7.12.2 (d). The converted AT1 Bonds will only be traded on the Over The Counter (OTC) platform. Further, the sustainability feature would not be there for the Perpetual Bonds and such that the Perpetual Bonds cannot be having the dissenting option as per the CSE Listing Rule 7.12.4 A II (d).

In the event of an occurrence of a Trigger Event as determined at the sole discretion of the Monetary Board of CBSL, there would be a full and permanent write off of AT1 Bonds by the Bank without any requirement of approval by the Bond Holders, in compliance with Basel III requirements.

As a result, the holders may lose the entire amount (or part) of their investment in or AT1 Bonds Sustainability Bonds irrespective of whether the Bank has sufficient assets available to settle the claims of the Holders under the Sustainability Bonds, in bankruptcy proceedings or otherwise.

Any such Non-Viability Write-down will be irrevocable and the Holders will, upon the occurrence of a Non-Viability Write-down, not receive any shares or other participation rights of the Bank or be entitled to any other participation in the upside potential of any equity or debt securities issued by the Bank.

ii. The Sustainability Bonds are loss-absorption instruments that involve risk and may not be a suitable investment for all investors

The Sustainability Bonds are loss- absorption financial instruments designed to comply with applicable banking regulations and involve certain risks. Each potential investor of the Sustainability Bonds must determine the suitability (either alone or with the help of a financial adviser) of that investment in light of its own circumstances. In particular, each potential investor should understand thoroughly the terms of the Sustainability Bonds, such as the provisions governing the Non-Viability Write-down conversion, including under what circumstances a Trigger Event could occur.

A potential investor should not invest in the Sustainability Bonds unless he/she has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Sustainability Bonds will perform under changing conditions, the resulting effects on the likelihood of the Non-Viability Write– down and the value of the Sustainability Bonds, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives which relates to all the information contained in this Prospectus.

iii. Uncertainty regarding the Trigger Event

Because of the uncertainty regarding the determination of a Trigger Event may occur, it will be difficult to predict when, if at all, the Sustainability Bonds will be written-down. In addition, investors in the Sustainability Bonds are likely not to receive any advance notice of the occurrence of a Non-Viability Trigger Event. As the CBSL retains full discretion to choose not to trigger Non-Viability Write-down not withstanding a determination that the Bank has ceased, or is about to cease to be viable, under such circumstance, the Holders of the Sustainability Bond may be exposed to losses through the use of other resolution tools under applicable statutes.

iv. Following a Non-Viability Write – down, investor will no longer have rights as a Creditor

Upon a Non-Viability Write-down, the rights, terms and conditions of the BASEL III Sustainability Bonds, including with respect to priority and rights on liquidation, will no longer be relevant as all such Sustainability Bonds will be converted to AT 1 Bonds on a permanent basis. If a Non-Viability Write-down occurs, then the interest of depositors, other creditors of the Bank, and holders of Bank securities which are not contingent instruments will all rank in priority to the holders of AT 1 Bonds. However, if a subsequent Trigger Event occurs for the AT 1 Bonds, the Bond Holders may lose their investment on a full and permanent basis.

v. Investor's remedies for the Bank's breach of its obligations under the Sustainability Bonds are limited

In the absence of an Event of Default (which shall occur upon the commencement of any action/proceeding against the Bank on the grounds of liquidation, bankruptcy, insolvency or receivership or upon an order being made or a resolution being passed for the winding up of the Bank) the Trustee and the Holders of the Sustainability Bonds shall not be entitled to declare the principal amount of the Sustainability Bonds due and payable under any circumstance. As a result, the investor will have no right of acceleration in the event of a non-payment of interest or a failure or breach in the performance of any other covenant of the Bank, although legal action could be brought to enforce any covenant of the Bank.

In addition to the above mentioned investment related risks, by investing in these Sustainability Bonds the prospective investors will be exposing themselves to the business related risks of the Bank. Prospective qualified investors should carefully consider the risks relating to the business of BOC that are comprehensively covered in the Bank's Annual report available on the website of the Bank, www.boc.lk and the website of CSE, www.cse.lk. The risk management framework of the Bank, risk governance with Board of Directors oversight, prudently manages and mitigates the business related risks of the Bank.

vi. Acknowledgement of CBSL Resolution Powers

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

The Governing Board determines the Trigger Event and effects a conversion after considering the other bail-in alternatives available to the Bank. Further, Section 30 and 30(9) of the Monetary Law Act No.58 of 1949 (as amended) and Part VII (A) and Part VIII of the Banking Act No.30 of 1988 (as amended) specify certain events upon which Governing Board can exercise its resolution mechanism. In view of the above, based on the statutory authority of the Governing Board, CBSL retains full discretion to choose or not to choose to trigger for Non-Viability as has been provided for in the Banking Act Directions No.1 of 2016 (as amended) on Capital Requirements under Basel III for Licensed Commercial Banks and Licensed Specialized Banks.
As the CBSL retains full discretion to choose not to trigger Non-Viability Conversion notwithstanding a determination that the Bank has ceased, or is about to cease to be viable, under such circumstances, the holders of the Sustainability Bonds may be exposed to losses through the use of other resolution tools under applicable statutes.

5.17 Transfer of the Sustainability Bonds

a) These Sustainability Bonds shall be freely transferable amongst qualified investors and the registration of such transfer shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.

b) The Sustainability Bonds shall be transferable and transmittable among Qualified investors through the CDS as long as the Sustainability Bonds are listed in the CSE. Subject to the provisions contained herein BOC may register without assuming any liability any transfer of Sustainability Bonds, 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 the death of a Sustainability Bonds 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 Sustainability Bonds Holder was the sole or only surviving holder; shall be the only persons recognized by BOC as having any title to his/her Sustainability Bonds.

d) Any qualified investor becoming entitled to any Sustainability Bond in consequence of bankruptcy or winding up of any Sustainability Bond Holder, upon producing proper evidence that he/she sustains the character in respect of which he/she proposes to act or his/her title as the Board of Directors of BOC thinks sufficient, may at the discretion of the Board be substituted and accordingly registered as a Sustainability Bond Holder in respect of such Sustainability Bonds subject to the applicable laws, rules and regulations of BOC, CDS, CSE and SEC.

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

5.18 Listing

An application has been made to the CSE for permission to deal in and obtain a listing for these Sustainability Bonds and ATI Bonds on the CSE and approval has been granted in principle on 11th December 2025 by the CSE.
However, the CSE assumes no responsibility for the correctness of the statements made, opinions expressed, reports included or omissions made in this Prospectus. Admission to the CSE is not to be taken as an indication of the merits of BOC or of these Sustainability Bonds.

5.19 Cost of the Issue

The Board of Directors estimates that the total cost of the Issue including fees to professionals, printing, advertising and other costs connected with the Issue will be approximately LKR 30 Million. Such costs will be financed by the internal funds of the Bank.

5.20 Brokerage Fee

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

5.21 Underwriting

This Sustainability Bond issue is not underwritten.

In the event the issue is under subscribed, the subscribers shall be allotted in full and the quantum of the funds raised will be utilised for the purpose detailed in section 5.4 of this Prospectus.

5.22 Inspection of Documents

Bank of Ceylon Ordinance, the Trust Deed, Auditors' Report and Audited Financial Statements for the five (05) financial years ended 31st December 2024 (i.e. the five (05) financial years immediately preceding the date of this Prospectus), Interim Financial Statements as of 30th September 2025 and all other documents referred to in Rule 3.3.13 (a) of the CSE Listing Rules, including material contracts and management agreements entered into by the Bank (if any) would be made available for inspection by the public during normal working hours, (05) Market Days prior to the date of opening of the subscription list at the registered office of the Bank at Bank of Ceylon Head Office, BOC Square, No. 1,Bank of Ceylon Mawatha, Colombo 01, Sri Lanka until the Date of Redemption of the Sustainability Bonds.

The Prospectus, Trust Deed and Application Forms will be made available on the web site of CSE, *www.cse.lk* and the website of the Bank, *www.boc.lk* from (05) Market Days before the date of opening the subscription list, until the date of maturity of the Sustainability Bonds as stipulated in Rule 3.3.13 (b) of the CSE Listing Rules.

Audited financial statements of the Bank/Group made up to 31st December 2024, Accountants' Report and the five-year summary of financial statements will be made available on the web site of CSE, *www.cse.lk* and the website of the Bank, *www.boc.lk*.

6. PROCEDURE FOR APPLICATION

6.1 Qualified Investors

Applications are invited from 'Qualified Investors' for the subscription of Basel III Sustainability Bonds and AT 1 Bonds in case of conversion, from the following categories, as stipulated in the CSE Listing rules.

a) A commercial bank licensed by the CBSL in terms of the Banking Act No. 30 of 1988 (as amended);
b) A specialized bank licensed by the CBSL in terms of the Banking Act No. 30 of 1988 (as amended);
c) A mutual fund, pension fund, Employee Provident Fund or any other similar pooled fund;
d) A venture capital fund/ company and private equity company;
e) A finance company licensed by the CBSL in terms of the Finance Business Act No. 42 of 2011 (as amended);
f) A company licensed by the CBSL to carry on finance leasing business under the Finance Leasing Act No. 56 of 2000 (as amended);
g) A company licensed by the Insurance Board of Sri Lanka to carry on insurance business in terms of the Regulation of the Insurance Industry Act No. 43 of 2000 (as amended);
h) A corporate (listed or unlisted) which does not fall under the above categories and is incorporated under the Companies Act No. 7 of 2007;
i) An investment trust or investment company;
j) A non-resident institutional investor; and,
k) An individual with an initial investment of Rs. 5,000,000/-.

The Bank will comply with the Foreign Exchange Act No. 12 of 2017 and all regulations published thereunder including those contained in the Government Gazette (Extraordinary) No. 2213/ 35 on February 03, 2021, Government Gazette (Extraordinary) No. 2235/ 22 dated July 06, 2021, and all other regulations and directions published thereunder when issuing and transferring Bonds to non-residents.

In view of the above trading of the Sustainability Bonds on the CSE will also be limited to Qualified Investors.

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

"Persons resident outside Sri Lanka" will have the same meaning as in the Order published under Section 31 of the Foreign Exchange Act No 12 of 2017 in Gazette No.2213/40 dated 3rd February 2021.

When permitting Non -Residents to invest in the Sustainability Bonds, the Bank will comply with the Foreign Exchange Act and the Regulations published thereunder including those contained in the Government Gazette (Extraordinary) No. 2213/35 dated 3rd February 2021 with regard to the issue and transfer of Sustainability Bonds of Companies incorporated in Sri Lanka to persons resident outside Sri Lanka

6.2 How to Apply

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

The Prospectus will be made available and can be downloaded from the website of CSE, www.cse.lk and the website of the Bank www.boc.lk until the Date of Redemption of the Sustainability Bonds and applicants are requested to inspect the Prospectus, prior to completing the Application Form.

Qualified Investors can submit digitally signed application forms/scanned copies to the Managers and Registrars of the issue via investment@boc.lk.

The Bank has formally requested a waiver of Rule 2.4(f) of the CSE Listing Rules, which pertains to the printing of the prospectus, through a letter addressed to the CSE dated 26th November 2025. This request was made in line with the Bank's commitment to environmental sustainability in connection with this Sustainability Bond Issue. The CSE has decided to grant the waiver via the letter dated 02nd December 2025, allowing the Bank to proceed without complying with the standard prospectus printing requirements set out in the aforementioned rule.

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

b) Applications should be made for a minimum of one hundred (100 Sustainability Bonds (LKR 10,000) other than in the case of individual Qualified Investors. The minimum subscription requirement applicable for an individual Qualified Investor applying for Basel III Compliant Sustainability bonds shall be Rupees Five Million (Rs.5,000,000/). Applications exceeding the minimum subscription requirement should be in multiples of 100 Sustainability Bonds (LKR 10,000). Applications for less than 100 Sustainability Bonds and that are for less than the minimum subscription requirement for individual Qualified Investors or for a number, which is not in multiples of 100 Sustainability Bonds, will be rejected.

c) Only one type of Sustainability Bonds should be applied per Application Form. Investors may apply for different types of Sustainability Bond on separate Application Forms. If several Applications are received under one type of Sustainability Bond from a single Qualified Investor that would be considered as multiple Application. The Bank/ Managers to the issue reserve the right to decide on and reject multiple Applications at their discretion.

d) If the ownership of the Sustainability Bonds is desired in the name of one individual, full details should be given under the heading SOLE/FIRST APPLICANT in the Application Form,

in the case of joint applicants, the signatures and particulars in respect of all applicants must be given under the relevant headings.

e) An Applicant of a joint Application will not be eligible to apply for the same type of Sustainability Bonds through a separate Application Form either individually or jointly. Such Applicants are also deemed to have made multiple Applications and will be rejected. In the case of joint Applications, the refunds (if any), interest payments and the redemption will be remitted in favour of the first Applicant as identified in the Application Form. The Bank shall not be bound to register more than three (03) natural persons as joint holders of any Sustainability Bonds (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.

f) Applications by companies, corporate bodies, societies, approved provident funds, trust funds and approved contributory pension schemes registered / incorporated/ established in Sri Lanka should be made under their common seal or in any other manner as provided by their Articles of Association or such other constitutional documents of such applicant or as per the statutes governing them. In the case of approved provident funds, trust funds and approved contributory pension schemes, the Applications should be in the name of the Trustee/Board of Management.

g) Corporate Applicants registered/incorporated/established in Sri Lanka should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Sustainability Bonds and should be made under their common seal or in any other manner as provided by their Articles of Association or such other constitutional documents of such Applicant or as per the statutes governing them. In the case of approved provident funds, trust funds and approved contributory pension schemes, the Applications should be in the name of the trustee/board of management.

h) All Applicants should indicate in the Application for Sustainability Bonds, their CDS account number

i) The Applicant information such as the full name, address, NIC number/passport number/ company registration number and the residency status will be down loaded 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 name, address, NIC number/passport number/ company registration number and the residency status mentioned in the Application Form tallies with the same provided in the CDS account as mentioned in the Application Form.

j) In the case of joint Applicants, a joint CDS account in the name of the joint Applicants should be indicated. Application Forms stating third party CDS accounts, instead of Applicants' own CDS account numbers, except in the case of margin trading, will be rejected.

k) Companies/corporate entities should state the Company Registration Number in the Application Form.
Individuals should state their National Identity Card (NIC) Number in the Sustainability Bond Application Form. Passport Number will be accepted only when the NIC Number is not available.

Any Application Form, which does not state the NIC, Passport or Company Registration Number and CDS account number as the case may be, will be rejected.

l) Application Forms may be signed by a third party on behalf of the Applicant(s) provided that such person holds the Power of Attorney (POA) of the Applicant(s) which has been executed and submitted for registration in accordance with the Powers of Attorney (Amendment) Act No.28 of 2022. A copy of such POA certified by a Notary Public as "True Copy" should be attached with the Application Form. Original of the POA should not be attached

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

- US Citizens (including an individual born in U.S. but resident in another country who has not renounced U.S. citizenship)
- A lawful citizen of the U.S. (including Green card holders)
- A person residing in the U.S.
- A person who spends certain number of days in the U.S. each year (more than 183 days)
- U.S. Corporations, estates and trusts
- Any entity that has a linkage or ownership to U.S. or the U.S. territories
- Non U.S. entities that have at least one U.S. Person as a "substantial beneficial owner"

n) Applicants who wish to apply through their margin trading accounts should submit the Application Forms in the name of the "Margin Provider/Applicant's name" signed by the margin provider, requesting a direct deposit of the Sustainability Bonds to the Applicant's margin trading account in the CDS. The margin provider should indicate the relevant CDS account number relating to the margin trading account in the Application Form. A photocopy of the margin trading agreement must be submitted along with the Application. Margin providers can, apply under their own name and such Applications will not be construed as multiple Applications, Such Margin providers should fall within the 'Qualified Investors' category.

o) Funds for the investments in Sustainability Bonds and the payment for Sustainability Bonds by non-residents should be made only out of funds received as inward remittances or available to the credit of "Inward Investment Account" (IIA) [formerly known as Securities Investment Accounts] of the non-residents opened and maintained in a licensed commercial bank in Sri Lanka in accordance with directions given by the Director of the Department of Foreign Exchange in that regard to licensed commercial banks.

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

Applications not made in line with the instructions will be rejected.

p) Non-Residents should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Sustainability Bonds and may be affected by the laws of the jurisdiction of their residence. If the non-resident Applicants wish to apply for the Sustainability Bonds, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

q) Application Forms stating 3rd party CDS Account Numbers, instead of their own CDS Account Numbers, except in the case of Margin Trading, will be rejected.

r) Application Forms properly filled in accordance with the instructions thereof together with the remittance for the full amount payable on Application should be enclosed in an envelope marked **"BOC SUSTAINABILITY BOND ISSUE"** on the top left hand corner in capital letters and dispatched by post or delivered by hand to the following address.

Managers & Registrars to the Issue
Bank of Ceylon
Investment Banking Division
7th Floor, Head Office,
"BOC Square", No 1, Bank of Ceylon Mawatha
Colombo 01

In the alternative Application Forms may also be delivered by hand to the head office, Trading Participants listed in Annexure II or any Custodian Bank listed in Annexure III.

Applications sent by post or delivered to any places mentioned in Annexure II and III or scanned copies of Application Forms emailed to investment@boc.lk should reach the office of the Managers and Registrars to the Issue at least by 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 of the said places prior to the closing date or carry a postmark dated prior to the closing date.

Applications delivered by hand to the Managers & Registrars to the issue after the closure of the issue will also be rejected.

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

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

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

PLEASE NOTE THAT ALLOTMENT OF SUSTAINABILITY BONDS WILL ONLY BE MADE IF THE APPLICANT HAS A VALID CDS ACCOUNT AT THE TIME OF SUBMISSION OF APPLICATION.

Please note that upon the allotment of Sustainability Bonds under this issue, the allotted Sustainability Bonds would be credited to the Applicant's CDS account so indicated.

Hence, SUSTAINABILITY BONDS CERTIFICATES SHALL NOT BE ISSUED

6.3 Number of Sustainability Bonds to be subscribed

Applicants are allowed to invest in either Sustainability Bonds of Type A and/or Sustainability Bonds of Type B, subject to the minimum subscription under each type.

The minimum subscription requirement applicable for a Qualified Investor applying for Debt Securities shall be Rupees Ten Thousand (LKR 10,000/-).
Provided however, the minimum subscription requirement applicable for an individual investor applying for BASEL III Compliant Sustainability Bonds shall be Rupees Five Million (LKR 5,000,000/-).

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

6.4 Mode of Payment for the investment by the applicants

1. Payment in full for the total value of Sustainability Bonds applied for should be made separately in respect of each Application either by cheque/s, bank draft/s, bank guarantee drawn upon any licensed commercial bank operating in Sri Lanka or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka or internal fund transfer through Bank of Ceylon, as the case may be, subject to below.

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

   - Multiple bank drafts/cheques drawn upon any licensed commercial bank operating in Sri Lanka, each of which should be for a value less than LKR 100,000,000/- or
   - Bank guarantee issued by a licensed commercial bank operating in Sri Lanka, or
   - RTGS transfer with value on the date of submission of application or opening of the issue whichever is later, or
   - An internal fund transfer within Bank of Ceylon with value on the date of submission of application or opening of the issue whichever is later.

   Multiple cheques/bank drafts, bank guarantees, or RTGS transfers will not be accepted for Applications valued below Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-)

3. Cheques or Bank Drafts should be drawn upon any commercial bank in Sri Lanka and crossed "Account Payee Only" and made payable to **"BOC SUSTAINABILITY BOND ISSUE ACCOUNT".**

4. In case of bank guarantees, such bank guarantees should be in a manner acceptable to BOC, issued by any licensed commercial bank in Sri Lanka, payable on demand to **"BOC SUSTAINABILITY BOND ISSUE ACCOUNT"**and be valid up to minimum of 14 days from the closing date of 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.

5. In case of RTGS transfers (only for application values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-)), such transfers should be made to the credit of **"BOC Sustainability Bond Issue Account"** bearing the account number **95429445** at **Bank of Ceylon, Corporate Branch** with value on the date of submission of Application or opening of the issue whichever is later.

6. The Applicant should obtain a confirmation from the Applicant's bank, to the effect that arrangements have been made to transfer funds for the total value of Sustainability Bonds applied for, to the credit of **"BOC Sustainability Bond Issue Account"**bearing the account number **95429445** at **Bank of Ceylon, Corporate Branch** with value on the date of submission of application or opening of the issue whichever is later(i.e. the funds to be made available to the above account on date of submission of Application or opening of the issue whichever is later) and should be attached with the Application.

7. In case of internal fund transfers within Bank of Ceylon, such transfers should be made to the credit of **"BOC Sustainability Bond Issue Account"** bearing the account number **95429445** at **Bank of Ceylon Corporate Branch** with value on date of submission of application or opening of the issue whichever is later(i.e. the funds to be made available to the above account on date of submission of application or opening of the issue whichever is later)

8. **For RTGS transfers and internal fund transfers within Bank of Ceylon above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), the Applicants are entitled to an interest at 2.50% p.a. from the date of transfer up to the date of Allotment.** However, no interest will be paid if the RTGS transfers/internal fund transfers are not affected before the end of the Closing Date. Furthermore, even if such RTGS transfers/internal fund transfers are affected prior to the Issue opening date, no interest will be paid for the period prior to the Issue opening date.

9. SLIPS, CEFTS and Cash will not be accepted.

10. The amount payable should be calculated by multiplying the number of Sustainability Bonds applied for by the issue price of LKR 100 per Sustainability Bonds. If there is discrepancy in the amount payable and the amount specified in the cheque/bank draft/bank guarantee/RTGS or in the internal fund transfers within BOC, the Application will be rejected.

11. In the event that cheques are not realized prior to the date of deciding the basis of allotment, the monies will be refunded and no allotment of Sustainability Bonds will be made. Cheques must be honoured on first presentation for the Application to be valid.

12. All cheques or bank drafts received in respect of Applications will not be banked or called on until the Market Day immediately after the Issue Closing Date, in terms of the CSE Listing Rules.

13. Payment for the Sustainability Bonds by non-residents should be made only out of funds received as inward remittances or available to the credit of "Inward Investment Account" (IIA) maintained with any licensed commercial bank in Sri Lanka in accordance with directions given by the Director Department of Foreign Exchange in that regard to licensed commercial banks. An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the Applicant maintains the IIA, should be attached to the Application Form to the effect that such payment through bank draft/bank guarantee/RTGS has been made out of the funds available in the IIA.

6.5 Rejection of Application

1. Applications and the accompanying cheques/bank drafts/bank guarantees or RTGS transfers/internal fund transfers within BOC, 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 the Application will be rejected at the sole discretion of BOC.

2. Applications from Persons/ Applicants under the age of 18 years or in the names of sole proprietorships, partnerships, unincorporated trusts will also be rejected.

3. Any Application, which does not state the NIC, Passport or Company Registration Number as the case may be, will be rejected. Applications which do not carry the CDS account number,

which is not opened at the time of closure of the subscription list or which indicate an incorrect/ inaccurate CDS account number shall be rejected, and no allotment will be made.

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

5. Any Applicant who has applied for Sustainability Bonds Type A & Type B, in a single Application Form will be rejected.

6. More than one Application submitted by an Applicant under the same type of Sustainability Bonds will be rejected. If two or more Application Forms are submitted for one type of Sustainability Bonds from a single Applicant, those would be considered as multiple Applications and the Bank will not accept such multiple Applications or suspected multiple Applications.

7. Any Application Form with more than three (03) natural persons as joint Applicants for any type of Sustainability Bonds will be rejected.

8. Applications received by the Managers and Registrars to the issue by post or courier after closure of the subscription list will be rejected. Applications received after 4.30 p.m. on the succeeding working day immediately following the Issue Closing Date, will also be rejected even if they carry a post mark dated prior to the Issue Closing Date.

9. Applications delivered to any collection point set out in Annexure II should reach the office of the Managers/Registrars to the Issue by at least 4.30 p.m. on the Issue Closing Date. Applications received after the said period will be rejected even though they have been delivered to any collection point prior to the Issue Closing Date or carry a postmark dated prior to the Issue Closing Date.

6.6 Banking of Payments

All cheques or bank drafts received in respect of Applications will not be banked until the Market Day immediately after the Issue Closure Date as set out in section 5.3 of this Prospectus, in terms of the CSE Listing Rules. Further, Bank Guarantees received in respect of the Applications will not be called on until the Market Day immediately after the Issue Closure Date.

6.7 Allotment of Sustainability Bonds

In the event of an over subscription, the General Manager of the Bank will endeavour to decide the basis of allotment in a fair and equitable manner as soon as practicable so as to ensure compliance with the CSE Listing Rules. Upon the allotments being decided, an announcement will be made to the CSE.

The allotment of Sustainability Bonds will be done subject to the provisions in 3.3.5 (ii) (a) (i) & (ii) of the CSE Listing Rules.

The Bank reserves the right to reject any Application or to accept any Application in part only, without assigning any reason thereto. A written confirmation informing successful Applicants of the allotment of Sustainability Bonds will be dispatched within ten (10) Market Days from the Closure Date of the Subscription List as required by the CSE.

6.8 Unsuccessful Applications

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 Sustainability

Bonds will be made on or before the expiry of Eight (08) market days from the issue closing date (excluding the date of closure of the issue). Applicants shall be entitled to receive interest at the rate of last quoted average weighted Prime lending rate (AWPLR) published by the Central Bank of Sri Lanka plus 5% for the delayed period on any refunds not made within this period.

6.9 Refunds

Where an Application is not accepted, subsequent to the cheque being realised the applicant's money in full or where an Application is accepted only in part, the balance of the applicant's money will be refunded. If the applicant has provided accurate and complete details of his bank account in the Application, the bank shall make such refund payments to the bank account specified by the applicant, through Sri Lanka Interbank payment system (SLIPS) and payment advice will be sent. In the event of refunds over Rupees Five Million (LKR 5,000,000/-) or If the applicant has not provided accurate and correct details of his bank account in the Application, the bank shall make such refund payment to the applicant by way of a cheque and sent by post at the risk of the applicants. In the case of joint applications, the cheques will be drawn in favour of the applicant's name appearing first on the Application Form. Refund cheques on Sustainability Bonds, which have not been allotted, will be posted before the expiry of Eight (08) market days excluding the date of closure of the subscription list. Applicants would be entitled to receive interest at the rate of last quoted average weighted prime lending rate (AWPLR) published by the Central Bank of Sri Lanka plus 5% for the delayed period on any refunds not made within this period.

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

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

In the event refunds are made to non-resident applicants, the funds will be refunded through their IIA accounts, if the applicant has provided accurate and complete details of his bank account in the Application.

7. OVERVIEW OF THE BANK

Bank of Ceylon is solely owned by the Government of Sri Lanka and duly incorporated on 01 August 1939 under the Bank of Ceylon Ordinance No. 53 of 1938. It is a licensed commercial bank established under the Banking Act No. 30 of 1988 (as amended).

The Bank's main business is commercial banking for which the Bank holds a commercial banking license from the Central Bank of Sri Lanka. This license does not have an expiry date.

7.1. Stated Capital

Based on unaudited financials, The Stated Capital of the Bank is Rs. 25,730 million as at 30th September 2025.

The entire capital of BOC is held by the Secretary to the Treasury on behalf of the Government of Sri Lanka.

7.2. Particulars of Loans, Borrowings, Liabilities & Indebtedness

All debt securities stated herein relating to the rights to ensure compliance to CSE Listing Rule 3.3.4

Long term borrowings as at the Prospectus date	LKR 'Mn (unaudited)
Debentures Issued (Note 1 below)	82,001

Long term borrowings as at 30th September 2025	LKR 'Mn
Term Borrowings from banks abroad	15,373
Call borrowings from bank aboard	1,360
Due to Banks	5,331
Refinance borrowings	11,110
Senior notes	Nil
Short term Borrowings	Nil
Under re-purchase agreements	201,995

Note 1- Details of Debentures

I. Basel III Complaint, Tier II Unlisted, Unrated, Unsecured, Subordinated, Redeemable Rupee Debentures with Non-Viability Write-Down Features Issued by BOC as at the date of the Prospects

Year	Amount Issued LKR '000	Maturity Date	Interest Rate (%)	Payment frequency
2017	5,000,000	28.12.2025	12.75%	Annually
2018	6,700,000	30.07.2026	12.00%	Annually
2019	61,150	25.07.2027	11.75%	Annually
TOTAL	**11,761,150**			

II. BASEL III Compliant, Tier II Unlisted, Rated, Unsecured, Subordinated, Redeemable Rupee Debentures with Non-Viability Write-Down Features Issued by BOC as at the date of the Prospects

Year	Amount Issued LKR '000	Maturity Date	Interest Rate (%)	Payment frequency
2021	5,400,000	21.11.2026	W. Avg 6m TB Rate+2.5%	Semi-Annually
2022	6,490,000	29.12.2027	29.00%	Annually
TOTAL	**11,890,000**			

If a Trigger Event occurs, the above Debentures shall be permanently written off and any liability arising from such instrument at the point of non-viability shall take the character of an Additional Tier 1 (AT1) instrument and shall be subordinated to claims of every other liability.

All the above Debenture Holders are entitled to following rights.

- Receiving the principal sum at maturity and interest on the Debentures as stipulated.
- Ranking above the shareholders (Government of Sri Lanka) in the event of liquidation.

The Bank does not have any outstanding convertible debt securities other than unlisted Basel III Compliant debentures stated in Note 1 (II) above with the convertible option to AT 1 bonds similar to the Listed Basel III Debenture.

III. Basel III Complaint, Tier 2 Unsecured, Subordinated, Listed, Redeemable Rupee Debentures as at the date of the Prospects
Rupee Debentures Issued by BOC (2023 / 2024) as at the date of the prospectus

Issue Date	Maturity Date	Type	Amount LKR(000')	Rate of Interest (%)	Interest payment
27.12.2023	26.12.2028	A	10,000,000	15.00%	Annually
20.09.2024	19.09.2029	A	15,000,000	13.50%	Annually
26.05.2025	26.05.2030	A	15,000,000	11.25%	Annually
Total			**40,000,000**		

IV. BASEL III Compliant, Unlisted, Unsecured, Subordinated, Perpetual, Additional Tier 1 Capital Bonds with a Non-Viability Write-Down as at the date of the Prospectus

Issue Date	Amount LKR(000')	Rate of Interest (%)	Interest payment Frequency
06.07.2020	5,000,000	W. Avg 12m Net Treasury Bill Rate + 1.5%	Annually
Total	**5,000,000**		

V. BASEL III Compliant, Rated, Unlisted, Unsecured, Subordinated, Perpetual, Additional Tier 1 Capital Bonds with a Non-Viability Write-Down as at the date of the Prospectus

Issue Date	Amount LKR(000')	Rate of Interest (%)	Interest payment Frequency
01.12.2020	10,000,000	W. Avg 12m NTB Rate + 1.5%	Annually
06.07.2021	3,350,000	W. Avg 12m NTB Rate + 1.5%	Annually
Total	**13,350,000**		

If a Trigger Event occurs the outstanding Principal balance of the Bonds AT 1 Bonds sated in Note 1 (IV) and (V) will be written down on a permanent basis by an amount prescribed by the CBSL without any further consent of Bond Holders.

The holders of debentures sated in Note 1 (I), (II) and (III) are entitled to receive the principal sum on the date of maturity/ redemption and interest on the debentures as per the provisions of the relevant Prospectus/Information Memorandum. The holders of debt securities (AT1 bonds) sated in Note 1 (IV)

and (V) are entitled to receive the interest on such Bonds as per the provisions of the respective Information Memorandums. Further, the holders of any of the said debt instruments stated in Note 1 above are not entitled to share profits of the Bank or to participate in any surplus assets of the Bank in the event of liquidation. The rights and obligations of the holders of the above mentioned debt securities are more fully set out in the Prospectus and Information Memorandums of the respective Debt Issue

7.3. Guarantees and Other Material Contingent Liabilities as at 30th September 2025

In the normal course of business, the Bank makes various commitments and incurs contingent liabilities with legal recourse to its customers. These obligations may not be recognised in the Statement of Financial Position. However, due to the credit risk associated with these contingent liabilities those are considered as a part of the overall risk profile of the Bank.

These commitments are quantified below.

	Amount as at 30/ 09/25 LKR Mn (unaudited)
Acceptance and Documentary Credit	205,345
Bills for Collection	64,514
Forward Exchange contracts	341,077
Guarantees	126,590
Undrawn and undisbursed facilities	870,376
Other commitments	201,219
Total	**1,809,121**

7.4 Litigation against the Bank

The Bank is a party to many litigation matters initiated by the Bank and the matters instituted against the Bank. As at 30th September 2025, there were 377 pending against the Bank cases, including Testamentary Cases, matters relating to Bank Guarantees, Claims as well as Land and Partition matters instituted against the Bank. There were 11 cases against the bank matters may potentially have an adverse impact on the financial position or profitability of the Bank (Refer Section 57.5 of the Annual Report for further details) and however the bank has strong defences to those matters. During the year 2025 there were no penalties (excluding cash penalties) have been imposed by regulatory and state authorities.

1) CHC/429/2019/MR – Commercial High Court
   This case has been filed by State Mortgage & Investment Bank against their borrower Senanayake Appuhamilage Priyantha Senanayake for the recovery of outstanding balance of Rs.23.4 million Loan granted over the security of the land called Kingswell Park Estate.

   The subject property was already vested to the Bank of Ceylon by virtue of Certificate of Sale No.542 dated 20.06.2017 title to which is derived from different chain of title from Henadheera Pathirannehelage Sarath Priyantha.

   Further, the same property has been mortgaged to Mercantile Investment and Finance Limited by Jayasinghe Arachchige Padma Chandrakantha Jayasinghe upon a Mortgage through another chain of title to the same property which is created in land registry folios.

Therefore, the Bank of Ceylon and Mercantile Investment and Finance Limited has been made party to the money recovery action. Mercantile Investment and Finance (Pvt) Ltd was discharged from the case as their dues were settled.

2) SP 3857 – District Court, Galle
This case has been filed by the Plaintiff (Heenegama Muthukumaratge Deepthi) in order to claim Rs.307,300,000/- as damages from the Bank stating that the bank has acted wrongfully and to cancel the Mortgage Bonds, which have been used to reschedule the facilities granted to the Plaintiff.

3) M/12832 – District Court - Tangalle
The bank has made a complaint against the plaintiff (M. N. H. Albert) over pawning of fake articles and the police has filed the Case No.22741 in Magestrae Court Tangalle and said Plaintiff was acquitted and discharged from the charges on the 26th June 2020. Thereafter Plaintiff has filed this case claiming Rs.6,500,000/- as damages.

4) DMR 3948/15 – District Court – Colombo
The above action has been filed by the plaintiff (M,R,A,Saundranayagam) claiming that Rs.237,750,000.00 as the damages for the loss occurred in respect of closing of a Fixed Deposit and transferring funds to an unknown account relying on a fraudulent email.

5) DMR 779/16 – District Court - Colombo
The Bank has granted three loans to it's customers to purchase tractors. The invoices which were brought from an agent of Browns & Company were settled by the Bank on behalf of the customers. However Brown & Company claims the amounts of the tractors, as their due amount has not been settled by the agent.

6) DMR/2468/2014 – District Court of Colombo
Claim against the Bank demanding excess money received by the Bank from re-sale of the property vested to the Bank

7) HC/Civil/372/19/MR - Commercial High Court
Plaintiff (D.A.De Silva Wickremanayake) claiming damages upto Rs.100 million against the Bank for facilitating and neglecting to adhere to the instructions for crediting the amounts to the designated accounts.

8) CHC/46/17/CO (SC/CHC/LA/33/2024) – Supreme Court
The Business Forms (Pvt) Ltd, a customer of the Metropolitan Branch has made an application to the Commercial High Court to windup the Company and Mr. G.J. David of S.J.M.S. Associates has been appointed as the liquidator of the company. the Bank has lodged its initial claim with the Liquidator on 23.08.2018 for Rs.117,178,912.49 for the capital outstanding and Rs.9,997,335.82 as accrued interest due to the bank.
Subsequently, Bank has received Rs.4,962,567.39 through the liquidation process.
In the meantime, the Intervenient Petitioner, The Commissioner of Labour filed a motion under Section 361 (d) of Companies Act No 7 of 2007, challenging the amount of Rs. 4,962,567.38 already disbursed to the Bank by the liquidator stating that the priority should be given to the Commissioner of Labour when disposing assets under liquidation.
Court held in favor of the bank and the Commissioner of Labour has made an appeal to the Supreme Court.

9) DMR 2288- District Court - Kandy
The Bank has recovered the dues of J.B.Atttanayake & Co. (Pvt) Ltd. from the Fixed Deposed Pledged for the Bank Guarantee facility granted to them. Company demands the bank to pay

back the money (amount of Rs.23,197,540.40) with the interest utilized by the Bank to recover the dues incurred to the Bank through the letter of guarantee.

10) DMR/4175/17 – District Court, Colombo
Claiming Rs.5,000,000/- for the damage caused to the Plaintiff's (N.S.Amarasekera) good name due to a leakage of a confidential letter related to him, to a 3rd party through the Bank.

11) CHC/270/2012/MR – Commercial High Court
The Plaintiff (Sahana Foundation) initiated this legal action against the Bank claiming Rs.25,000,000/- for the money that has withheld by the bank for the suspicious transactions occurred in Sahana Foundation account.

7.5 Mortgages and Charges on the Assets of BOC

As at 30th September 2025 BOC has pledged Treasury Bonds for the value of LKR 214.8 BN. as security.

7.6 Details of Convertible Debt Securities

The Bank does not have any outstanding convertible debt securities other than those debentures as disclosed in section 7.2 above.

7.7 Takeover Offers

There were no offers for acquisitions or mergers by third parties in respect of the BOC shares during the past two years. BOC has also not made any similar Offers for the shares of third parties during the past two years.

7.8 Tax Concessions

No special tax concessions are available to BOC as at date.

7.9 Dividend Policy of the Bank

Government of Sri Lanka is the sole shareholder of the bank. Dividend ratio will be decided based on the profitability of the bank on mutual consent.

Year	Dividends Paid (LKR 000)
2019	346,410
2020	1,596,410
2021	1,846,410
2022	346,410
2023	173,205
2024	-

7.10 Financial Statements and Five Year Summary of the Bank

The following financial information of the Bank is available on the website of CSE, www.cse.lk and the website of the Bank, www.boc.lk

- Audited Financial Statements of the Bank for the financial year ended 31st December 2024
- Interim Financial Statements of the Bank for the year ended at 30th September 2025.
- Report of the Auditor General and Five Year Summary of Financial Statements of the Bank as per CSE listing rule 3.3.9 (iii) (Please refer Annex. V of this prospectus)

7.11 Key Financial Ratios of the Bank

	31.12. 2022	31.12. 2023	31.12. 2024
Interest Cover (times)*	1.3	1.7	5.96
Debt to Equity (times)**	43.9	32.2	26.82
Capital Adequacy Ratio (%)	16.1	16.9	16.55

***Interest Cover = Profit Before Depreciation, Interest and Tax/Interest on Debentures and other term borrowings**
** **Debt to Equity** = **Debentures and other term debt/Equity**

Debt Servicing Details of the Bank Rs.Mn	2020	2021	2022	2023	2024
Gross interest due on debentures	6,240.8	7,143.8	7,133.7	8,584	7,333.5
Debenture interest paid on due date	6,240.8	7,143.8	7,133.7	8,584	7,333.5
Debenture interest paid after the due date	Nil	Nil	Nil	Nil	Nil
Debenture interest not paid as of to date	Nil	Nil	Nil	Nil	Nil

8. DETAILS OF BOARD OF DIRECTORS AND GENERAL MANGER

8.1 Details of Board of Directors and the General Manager

Name	Designation
Mr. Kavinda M L de Zoysa	Chairman
Dr M K C Senanayake	Non-Executive Ex Officio Director
Mr. A Jehaan Ismail	Non-Executive Director
Dr A K L Illesinghe	Non-Executive Director
Mr. R M P Rathnayake	Non-Executive Director
Mr. J.D.N. Gunasekera	Non-Executive Director
Mr. W B W M R A M T G Aluwihare	Non-Executive Director
Ms. S T Ratwatte	Non-Executive Director
Mr. D I De Silva Jayarathne	Non-Executive Director
Mr. S B Weerasooriya	Non - Executive Director
Prof. A K W Jayawardane	Non- Executive Director
Mr. Y. A. Jayathilaka	Acting Chief Executive Officer

8.2 Related Party Transactions Review Committee

The Committee was formed to assist the Board in reviewing all the related party transactions carried out by the Bank and the committee members are as follows.

Name of the Board Subcommittee Member	Membership Status	Directorship Status
Mr. R M P Rathnayake	Chairman	Independent Non Executive Director
Dr.M K C Senanayake	Member	Non- Independent Non Executive Ex-Officio Director
Dr. A K L Illensinghe	Member	Independent Non Executive Ex-Officio Director

9. STATUTORY AND OTHER GENERAL INFORMATION

9.1 DECLARATION BY THE DIRECTORS

We the undersigned being the Directors of Bank of Ceylon, hereby declare and confirm that the Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy and completeness of the information given and confirm that, the provisions of the CSE listing rules 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 the entity have been given in the Prospectus, such representations have been made after due and careful inquiry of the information available to the entity and making assumptions that are considered to be reasonable at the present point in time and according to our best judgment.

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

Name	Signature
Mr. Kavinda M L de Zoysa Chairman	(sgd.)
Dr M K C Senanayake Non-Executive Ex officio Director	(sgd.)
Mr. A Jehaan Ismail Non-Executive Director	(sgd.)
Dr. A K L Illesinghe Non-Executive Director	(sgd.)
Mr. R M P Rathnayake Non-Executive Director	(sgd.)
Mr. J.D.N. Gunasekera Non-Executive Director	(sgd.)
Mr. W B W M R A M T G Aluwihare Non-Executive Director	(sgd.)
Ms. S T Ratwatte Non-Executive Director	(sgd.)
Mr. D I De Silva Jayarathne Non-Executive Director	(sgd.)
Mr. S B Weerasooriya Non-Executive Director	(sgd.)
Prof. A K W Jayawardane Non-Executive Director	(sgd.)

9.2 DECLARATION BY THE MANAGERS TO THE ISSUE

We, Investment Banking Division of Bank of Ceylon, 7th Floor, "BOC Square", No. 01, Bank of Ceylon Mawatha, Colombo 01 being the Managers, to the Sustainability Bond issue, hereby declare and confirm that to the best of our knowledge and belief Prospectus constitutes full and true disclosure of all material facts about Bank of Ceylon and issue.

Signed by authorized signatories of Bank of Ceylon, being duly authorized thereto, at Colombo on this date of 11th December 2025.

(sgd.)
Deputy General Manager
(International, Treasury & Investment)

(sgd.)
Assistant General Manager
(Investments)

ANNEXURE 1- RATING REPORT

Lanka Rating Agency

Rating Report

Bank of Ceylon - Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Sustainability Bond - Rs. 20Bn

Report Contents

1. Rating Analysis
2. Financial Information
3. Rating Scale
4. Regulatory and Supplementary Disclosure

Rating History

Dissemination Date	Long Term Rating	Outlook	Action	Rating Watch
09-Dec-2025	AA-	Stable	Preliminary	-

Rating Rationale and Key Rating Drivers

The assigned rating to the sustainability bond reflects Bank of Ceylon's ("BOC" or "the Bank") very strong position as the largest Commercial Bank in Sri Lanka, supported by a large advances portfolio and substantial share in the country's total deposit base. The rating also factors in the Bank's designated position as a Domestic Systemically Important Bank (DSIB) and its 100% ownership by the Government of Sri Lanka (GoSL). BOC's Gross NPLs stood at ~15.30% as at 6MCY25 (Net NPLs: ~7.13%), higher than the industry average of ~12.00%. The Bank's financial risk assessment takes into account its capacity to absorb the potential credit impact of SOE-related obligations. Additionally, the Bank's internal capital generation to cushion against the Bank's impaired lending portfolio is a key consideration. During 9MCY25, BOC reported a Capital Adequacy Ratio of ~16.76% (~16.55% in CY24), remaining above the regulatory requirement of 15%, although marginally below the levels recorded by its peers (~19.4%). BOC maintains significant investments in Government Securities (LKR~2.6bn as of Sep'25, LKR~2.3bn as of CY24), comprising 98% of total investments, strengthening the liquidity position of the Bank. During CY24, the Bank reported a healthy increase of ~141% YoY in its PAT to record at LKR~64.4bn (CY23: LKR~26.7bn). In 9MCY25, this trend continued as Net Interest Income (NII) increased to LKR~153.2bn on account of improved spreads, translating into strong profitability. The Bank continues to manage its foreign currency exposure by limiting its open position and strengthening its liquidity profile, reflected in a Liquidity Coverage Ratio (LCR) of 254.1% in 9MCY25 (CY24: LCR ~269.6%). The rating reflects the subordinated, Tier 2, nature of the debt instrument and the designated sustainability bond features. The Sustainability Bonds shall have principal loss absorption at the point of non-viability through a write-down mechanism, which allocates losses to the Sustainability Bond holders at the sole discretion of the Governing Board of CBSL without the approval by the Sustainability Bond holders. At the point of non-viability, the outstanding principal and interest of the sustainability bond will be converted into Additional Tier 1 (AT-1) capital instrument. The Bank intends to utilize the entire proceeds of the issue to expand its sustainability loan book, to increase the Tier II capital of the Bank to enhance the Capital Adequacy Ratio, to manage the gap exposure in the Bank's assets/liability portfolios, and to strengthen the Bank's liquidity position.

The rating is dependent on the Bank's ability to uphold its asset quality, capital position, and performance indicators in the near term. The rating will also closely monitor the issuance and performance of the sustainability bond in compliance with the Sustainability Bond guidelines and framework. The Bank's 100% ownership by the Government of Sri Lanka (GoSL) and the expectation of timely support remain key considerations in the rating assessment.

Disclosure

Name of Rated Entity	Bank of Ceylon - Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Sustainability Bond - Rs. 20Bn
Type of Relationship	Solicited
Purpose of the Rating	Debt Instrument Rating
Applicable Criteria	
Related Research	Sector Study | Commercial Bank (Dec-24)
Rating Analysts	Gayani Randima Ariyawansa | gayani@lra.com.lk | +94 114 500099

Lanka Rating Agency

Issuer Profile

Profile Bank of Ceylon ("BOC" or "the Bank") is a Government-owned Bank domiciled in Sri Lanka, duly incorporated on August 1, 1939 under the Bank of Ceylon Ordinance No. 53 of 1938 (BOC Ordinance). It is a Licensed Commercial Bank (LCB) established under the Banking Act No. 30 of 1988 and amendments thereto. BOC was incorporated as the first state-owned Commercial Bank in Sri Lanka. The Bank's principal business activities include the provision of personal banking, corporate banking, development banking, offshore banking, trade financing, lease financing, primary dealing, investment banking and wealth management, treasury operations, correspondent banking and money remittances, Islamic banking, bancassurance, pawning, credit card facilities, foreign currency operations, and other financial services.

Ownership The Bank is 100% owned by the Government of Sri Lanka (GoSL). Being a state-owned Bank, it directly comes under the purview of the Ministry of Finance (MoF). BOC is a Domestic Systemically Important Bank (DSIB) in Sri Lanka and therefore brings strategic importance to the GoSL. The sovereign shareholding of the Bank and its DSIB status reflect stability at the ownership level. Moreover, GoSL's support to the Bank in the form of capital infusion and guarantees on the repayment of any sum due to the Bank on any loan, overdraft, advance or other accommodation further strengthens its ownership profile. The Government has infused capital on several occasions in the Bank and is committed to make further infusions, if the need arises.

Governance The BOC Ordinance lays out the manner in which the Board of BOC is structured. The MoF appoints the Board of Directors (BoD) as per the provisions of the BOC Ordinance. The management and administration of the affairs of the Bank are overseen by the BoD. The Board members are appointed by the Minister, and one of the directors is a representative of the MoF. The Bank has a board of eleven, out of which six are independent non-executive directors as per CBSL directions No. 5 of 2024. Mr. Kavinda M L De Zoyza is serving as the Chairman of the BoD. He possesses over three decades of experience in the fields of Management, Leadership, Strategic Planning & Governance, Corporate and Investment Banking, Capital Markets, and Mergers & Acquisitions. The remaining members of the BoD also hold decades of experience in fields such as Banking, Finance, Asset Management, IT, Law, and Tourism. The BoD has six board committees in place, namely, (i) Audit Committee (AC), (ii) Integrated Risk Management Committee (IRMC), (iii) Human Resources and Remuneration Committee (HR&RC), (iv) Nomination and Governance Committee (NGC), and (v) Information and Communication Technology Committee (ICTC) and Related Party Transactions Review Committee (RPTRC). The External Auditor of the Bank, the National Audit Office, issued an unqualified audit opinion pertaining to the Annual Financial Statements of CY24 for the Bank.

Management The Acting Chief Executive Officer (CEO)/Acting General Manager (GM), Mr. Y.A. Jayathilaka, heads the management team of the Bank. All departments report to the CEO/GM through their respective Deputy General Managers (DGM). The CEO/GM joined the Bank in January 1990, and in his tenure of over 34 years, he gained a wealth of experience serving in various capacities within the Bank in local and international settings. The Bank has in place 32 Executive Committees. The day-to-day management of the Bank is delegated to the corporate management team through these committees, each established with clearly defined mandates and responsibilities. The Bank has separate and integrated systems for ATMs, credit cards, treasury management, trade finance, internet & mobile banking and other services. The BoD bears the overall responsibility of formulating a robust risk management policy and overseeing the Bank's risk management and internal control frameworks. It also decides the risk appetite levels, formulates the risk policy and checks the effectiveness of the risk management processes.

Business Risk The Banking Industry comprises 30 Banks, out of which 24 are Licensed Commercial Banks (LCBs) and 6 are Licensed Specialized Banks (LSBs). Out of the 24 LCBs, there are eleven (11) Foreign Banks, eleven (11) Private Banks and two (2) Public Banks, including the BOC. As at 6MCY25, the banking sector's asset base stood at LKR~23.8tn (CY24: LKR~22.1tn), reflecting a growth of ~14.9% compared to the same period last year. Similarly, the Investments and Deposit base of the sector also increased by ~26.2% and ~12.9% YoY, respectively, in 1HCY25. The sector's net advances increased by ~12.1% compared to 1HCY24. Meanwhile, the sector's Net Interest Income (NII) was recorded at LKR~501.1bn during 6MCY25, an improvement of ~26.8%, YoY basis, supported by easing funding costs and improved asset yields amid the recovering economic environment. The sector's Profit After Tax (PAT) also rose sharply by ~68.0% to LKR~187.8bn (6MCY24: LKR~111.8bn), driven by the stronger core earnings, lower impairment charges due to improved credit quality, and overall stability in macroeconomic conditions. BOC is the largest bank in Sri Lanka with an LKR~5.3tn asset base representing ~22.22% of the industry's assets as at 6MCY25. The Bank accounts for ~19.55% of the sector's total advances and ~23.04% of the sector's total deposits. On the other hand, the Bank contributes ~20.50% to the sector's Net Interest Income and ~19.1% to the sector's Profit After Tax for the same period. In absolute terms, the Bank's Net Interest Income (NII) was recorded at LKR~153.2bn during 9MCY25 (an improvement of ~62.1% from 9MCY24) and LKR~167.6bn during CY24. Consequently, the Bank's PAT rose significantly by ~159.2% reaching LKR~55.7bn in 9MCY25, as compared to LKR~21.5bn in 9MCY24. The Bank maintains a strong commitment to environmental and social responsibility through digitalisation, paperless operations, solar initiatives, and robust ESG screening. It also promotes financial inclusion, with notable SME growth supported by targeted lending programs for MSMEs, women, and youth.

Financial Risk The Bank's credit risk stems from its Advances exposure to the state-owned Enterprises (SOEs). The Bank's investment in Government Securities (G-Sec) largely represents domestic holdings with LKR~1.4tn invested in T-Bonds and LKR~846.1bn invested in T-Bills (End-Dec'24). Nonetheless, the standalone financial profile of the Bank can withstand the likely impact to an extent. BOC's Gross NPLs stood at ~15.30% as at 6MCY25 (Net NPLs: ~7.13%), higher than the industry gross NPLs average of ~12.00%. In terms of the funding base, the Bank's Deposits accounted for ~95.1% of its funding in 9MCY25, a slight decrease from ~96.3% in CY24. Time deposits constitute the largest share of the Deposit base, at ~69.2%, while the savings deposits represent ~25.7% as at 9MCY25. The Bank also remains exposed to foreign currency risk, given the high proportion of FCY-denominated advances and deposits; however, it continues to manage this through measures to limit its open position. The Capital Adequacy Ratio (CAR) of the Bank was recorded at ~16.76% as at 9MCY25 (~16.55% as at End-Dec'24). The required rate of the CBSL is 15%. The Bank's Tier 1 Capital stood at ~12.99% as at 9MCY25 compared to ~13.00% as at CY24. The required rate of the CBSL is 10%.

Instrument Rating Considerations

About The Instrument BOC intends to issue a Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable Sustainability Bond, aiming at a total of LKR~20bn. The issue comprises two types of sustainability bonds: Type A offers a fixed annual interest rate (10.50% AER (10.50%), while Type B provides a floating rate (12-month T Bill rate + 2%) with payments to be made annually. The primary objectives of this issuance are to utilize the entire proceeds of the issue to expand its sustainability loan book, to enhance Tier 2 capital, and manage and minimize the gap exposure in the Bank's asset/liability portfolios. The Sustainability Bonds shall have principal loss absorption at the point of non-viability through a write-down mechanism, which allocates losses to the Sustainability Bond holders at the sole discretion of the Governing Board of CBSL without the approval by the Sustainability Bond holders. At the point of non-viability, the outstanding principal and interest of the sustainability bonds will be converted into Additional Tier 1 (AT-1) capital instrument. M/S KPMG has been engaged as the Independent External Reviewer for the proposed Sustainability Bond.

Relative Seniority/Subordination Of Instrument The Claims of the Sustainability bond Holders shall, in the event of winding up of BOC, rank after the claims of preferential claims under any statutes governing BOC, depositors, holders of senior debt, and claims of secured and other unsecured creditors of BOC, but in priority to and over the claims and rights of the shareholders of BOC. These Sustainability bonds will rank in pari passu with other subordinated creditors, subject to the non-occurrence of a trigger event.

Credit Enhancement The repayment of the principal sum and interest on these sustainability bonds is not secured by any specific asset of BOC.

LRA

Financials (Summary) in LKR mln

Lanka Rating Agency

Bank of Ceylon	Sep-25	Jun-25	Dec-24	Dec-23	Dec-22
Licensed Commercial Bank	9M	6M	12M	12M	12M
A BALANCE SHEET					
1 Stage I | Advances - net	1,850,599	1,815,274	1,783,965	1,776,333	1,947,217
2 Stage II | Advances - net	229,134	224,761	220,884	309,345	247,801
3 Stage III | Advances (NPLs)	386,744	379,361	372,818	311,863	324,630
4 Stage III | Impairment Provision	(207,428)	(203,468)	(199,959)	(188,480)	(194,054)
5 Investments	2,631,248	2,590,133	2,378,870	1,770,573	1,636,870
6 Debt Instruments	1,981	1,944	1,791	2,132	3,428
7 Other Earning Assets	252,994	174,255	136,086	151,595	88,650
8 Non-Earning Assets	392,812	309,101	290,684	278,386	281,918
Total Assets	5,538,084	5,291,361	4,985,139	4,411,748	4,336,460
6 Deposits	4,602,858	4,428,613	4,208,603	3,882,232	3,334,774
7 Borrowings	322,161	279,360	230,430	182,568	648,388
8 Other Liabilities (Non-Interest Bearing)	264,203	255,039	243,546	95,234	99,113
Total Liabilities	5,189,222	4,963,012	4,682,579	4,160,034	4,082,276
Equity	348,862	328,350	302,560	251,715	254,184
B INCOME STATEMENT					
1 Mark Up Earned	368,113	244,817	461,114	524,798	456,267
2 Mark Up Expensed	(214,903)	(142,086)	(293,561)	(433,610)	(329,921)
3 Non Mark Up Income	37,051	17,544	14,489	9,169	50,396
Total Income	190,261	120,275	182,041	100,356	176,742
4 Non-Mark Up Expenses	(63,806)	(33,574)	(67,085)	(52,257)	(47,296)
5 Provisions/Write offs/Reversals	(18,243)	(11,617)	20,343	4,906	(87,156)
Pre-Tax Profit	108,212	75,084	135,300	53,006	42,290
6 Taxes	(52,464)	(39,152)	(70,913)	(26,312)	(10,318)
Profit After Tax	55,748	35,932	64,387	26,694	31,972
C RATIO ANALYSIS					
1 Performance					
ROE	22.82%	22.78%	23.23%	10.55%	14.06%
2 Capital Adequacy					
Capital Adequacy Ratio	16.76%	17.37%	16.55%	15.84%	15.38%
Net Stable Funding Ratio [Available Stable Funding / Required Stable Funding]	163.03%	157.86%	157.90%	145.00%	139.00%
3 Credit Risk					
Impaired Loan Ratio | [Stage III | Advances (NPLs) - net / Gross Advances]	6.70%	7.10%	7.20%	5.10%	5.30%
Provision Coverage Ratio | [Impairment Provision / Stage III | Advances (NPLs)]	56.20%	54.40%	53.63%	60.44%	59.78%

Credit Rating

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

Scale	Long-Term Rating
AAA	Highest credit quality. Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments
AA+ AA AA-	Very high credit quality. Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A+ A A-	High credit quality. Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.
BBB+ BBB BBB-	Good credit quality. Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.
BB+ BB BB-	Moderate risk. Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.
B+ B B-	High credit risk. A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.
CCC CC C	Very high credit risk. Substantial credit risk "CCC" Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default.
D	Obligations are currently in default.

Scale	Short-Term Rating
A1+	The highest capacity for timely repayment.
A1	A strong capacity for timely repayment.
A2	A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.
A3	An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions.
A4	The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient.

Rating Modifiers | Rating Actions

Outlook (Stable, Positive, Negative, Developing)
Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business / financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

Rating Watch
Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.

Suspension
It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

Withdrawn
A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) LRA finds it impractical to surveil the opinion due to lack of requisite information.

Harmonization
A change in rating due to revision in applicable methodology or underlying scale.

Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening. Rating actions may include "maintain", "upgrade", or "downgrade".

Note: This scale is applicable to the following methodology(s):

a) Broker Entity Rating
b) Corporate Rating
c) Debt Instrument Rating
d) Financial Institution Rating
e) Holding Company Rating
f) Independent Power Producer Rating
g) Microfinance Institution Rating
h) Non-Banking Finance Company

Disclaimer: LRA has used due care in preparation of this document. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. LRA shall owe no liability whatsoever to any loss or damage caused by or resulting from any error in such information. Contents of LRA documents may be used, with due care and in the right context, with credit to LRA. Our reports and ratings constitute opinions, not recommendations to buy or to sell

Regulatory and Supplementary Disclosure

Nature of Instrument	Size of Issue (LKR)	Tenor	Security	Quantum of Security	Nature of Assets	Trustee	Book Value of Assets as at 6MCY25 (LKR)
Basel III Compliant, Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable 5 year Sustainability Bond (2025/30) with non-viability write down features	20Bn	5 years	Unsecured	Nil		People's Bank	5,291mn

Name of Issuer	Bank of Ceylon
Issue Date	3rd week of December
Maturity	Year 2030
Coupon Basis	Interest calculation shall be based upon the actual number of days in each interest payment period (actual/actual).
Repayment	Capital Repayments at the end of the tenor of the sustainability bond
Option	

Bank of Ceylon

Due Date Principal	Opening Principal	Principal Repayment	Coupon Due Date	Rate	Coupon	Principal Outstanding		
	LKR (Mn)				YYYY-MM-DD	LKR (Mn)		
Type A				**Fixed**	**Fixed**			
Type B				**Floating**	**Floating**			

*Please refer the indicative term sheet attached. Total issue value is Rs.20Bn and allotement for Type A and Type B will be based on the applications received.
For coupon due dates please refer the draft prospectus.

Annexure II TRADING PARTICIPANTS

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Richard Pieris Securities (Pvt) Limited No. 310, High Level Road, Nawinna, Maharagama. Tel : +94 11 4 310 500 Fax : +94 11 2 802 385 E-mail : communication@rpsecurities.com Website : http://www.arpico.com	**Softlogic Stockbrokers (Pvt) Limited** Level 16, One Galle Face Tower, Colombo 02. Tel : +94 11 7 277 000 Fax : +94 11 7 277 099 E-mail : info@softlogicstockbrokers.lk Website : http://softlogicstockbrokers.lk
Ambeon Securities (Pvt) Limited 2nd Floor, No 10, Gothami Road, Colombo 08 Tel : +94 11 5 328 200 Fax : +94 11 5 328 177 E-mail : info@ambeonsecurities.lk Website : http://www.taprobane.lk	**ACAP Stock Brokers (Pvt) Limited** No. 46/46, 7th Floor, Greenlanka Building, Nawam Mawatha, Colombo 02. Tel : +94 11 7 564 000 Fax : +94 11 2 331 756 E-mail : info@acapstockbrokers.lk Website : https://acapstockbrokers.lk/
Senfin Securities Limited 4th Floor, No.180, Bauddhaloka Mawatha, Colombo 04. Tel : +94 11 2 359 100 Fax : +94 11 2 305 522 E-mail : info@senfinsecurities.com Website : https://senfinsecurities.com	**Wealthtrust Securities (Private) Limited** No 102/1, Dr. N. M. Perera Mawatha, Colombo 08 Tel : +94 11 2 675 091-4 Fax : +94 11 2 689 605 E-mail : info@wealthtrust.lk
Capital Alliance PLC Level 5, "Millennium House" 46/58, Nawam Mawatha, Colombo 02. Tel : +94 11 2 317 777 Fax : +94 11 2 317 788 E-mail : info@cal.lk Website : http://www.cal.lk	**Nation Lanka Equities (Pvt) Ltd** No 44, Guilford Crescent, Colombo 07 Tel : +94 11 789 8302 E-mail : info@nlequities.com

Annexure III CUSTODIAN BANKS

Bank of Ceylon (Head Office) 11th Floor, No. 4, Bank of Ceylon Mawatha, Colombo 01. Tel : +94 11 2 203 642	**Citibank N.A.** 65 C, Dharmapala Mawatha, Colombo 07. Tel : +94 11 4 794 733
Commercial Bank of Ceylon PLC Commercial House, 21, Sir Razik Fareed Mawatha, Colombo 01 Tel: +94 112 486 000/+94 11 4 486 000 +94 117 486 000/+94 11 5 486 000	**Deutsche Bank** Level 21,One Galle Face Tower, No 1A Centre Road, Galle Face Colombo 02. Tel : +94 11 4 791 103
Hatton National Bank PLC HNB Towers, 479, T B Jayah Mawatha, Colombo 10. Tel : +94 77 7 712 406	**Hongkong & Shanghai Banking Corporation Limited** 24, Sir Baron Jayathilake Mw., Colombo 01. Tel : +94 11 4 451 275
People's Bank Head Office Treasury, 5th Floor, 75, Sir Chittampalam A Gardiner Mw, Colombo 02. Tel : +94 11 2 206 782	**Standard Chartered Bank** 37, York Street, Colombo 01. Tel : +94 11 2 480 450
Sampath Bank PLC 110, Sir James Peiris Mw., Colombo 02. Tel : +94 11 5 406 939, +94 77 7 842 415	**State Bank of India** 16, Sir Baron Jayathilake Mw., P O Box 93, Colombo 01. Tel : +94 11 4 622 350
Seylan Bank PLC Level 7, Seylan Towers, 90, Galle Road, Colombo 03. Tel : +94 11 2 456 701 +94 11 2 456 764 +94 77 2 279 545	**Union Bank of Colombo PLC** 64A, Galle Road, Colombo 03. Tel : +94 11 2 374 205
Nations Trust Bank PLC 256, Sri Ramanathan Mawatha, Colombo 15. Tel : +94 11 4 313 131	**Pan Asia Banking Corporation PLC (Head Office)** 450, Galle Road, Colombo 03. Tel : +94 11 2 565 565
National Development Bank PLC No 40, Navam Mawatha, Colombo 02 Tel : +94 2 448 448	**DFCC Bank PLC** No 73/5, Galle Road, Colombo 03 Tel : +94 112 442 031

Annexure IV FATCA DECLARATION

Manager

Bank of Ceylon

…….

I/We……

……and

……of

(address)……

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

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

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

…….. …….

Date Signature/s of Applicant/s

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. } BAN/B/BOC/DI/2025 මගේ අංකය / உமது இல. / Your No. } දිනය / திகதி / Date } 24 March 2025

The Chairman

Bank of Ceylon

Report of the Auditor General on the Statistical summary of the Bank of Ceylon for the last five years ended 31 December 2024

I have audited the Financial Statements of the Bank of Ceylon for the last five years ended 31 December 2024, from which the five years statistical summary were derived, in accordance with Sri Lanka Auditing Standards. In my reports dated 24 March 2021, 28 February 2022, 28 February 2023, 28 February 2024 and 25 February 2025, I expressed an opinion that the financial statements from which the five years statistical summary were derived gave a true and fair view.

In my opinion, the accompanying five years statistical summary is consistent, in all material respects, with the financial statements from which they were derived and on which I expressed unqualified opinion.

For a better understanding of the Bank's financial position and the results of its operations for the period and of the scope of my audit, the five years statistical summary should be read in conjunction with the financial statements from which the five years statistical summary were derived and my audit opinion thereon.

This report is made solely for the purpose of the Bank of Ceylon in usage in the process of issuing a rupee debenture to the value of Rs.10 billion with an option to increase up to a further Rs.5 billion in the event of an oversubscription of the initial issue which will be listed on the Colombo Stock Exchange. This report should not be used, circulated, quoted or otherwise referred for any other purpose.

W.P.C. Wickramaratne
Auditor General

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை. No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
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STATEMENT OF PROFIT OR LOSS

For the year ended 31 December	Bank 2024 LKR '000	2023 LKR '000	2022 LKR '000	2021 LKR '000	2020 LKR '000	Group 2024 LKR '000	2023 LKR '000	2022 LKR '000	2021 LKR '000	2020 LKR '000
Total income	485,405,047	542,187,297	513,149,335	290,362,494	247,163,965	494,921,947	551,866,763	520,891,164	297,620,853	252,756,030
Interest income	461,113,949	524,797,842	456,267,458	260,513,393	226,310,574	468,786,127	532,477,761	463,203,346	266,565,137	231,454,401
Less : Interest expenses	293,561,489	433,610,256	329,921,080	149,261,452	151,534,708	297,058,327	436,967,649	333,434,454	151,575,510	154,251,160
Net interest income	167,552,460	91,187,586	126,346,378	111,251,941	74,775,866	171,727,800	95,510,112	129,768,892	114,989,627	77,203,241
Fee and commission income	30,415,561	25,875,048	22,837,771	17,649,434	14,261,148	30,847,506	26,235,325	23,165,682	17,931,406	14,500,865
Less : Fee and commission expenses	9,802,534	8,220,629	6,486,129	3,470,032	2,302,057	9,845,866	8,237,386	6,505,334	3,508,619	2,324,128
Net fee and commission income	20,613,027	17,654,419	16,351,642	14,179,402	11,959,091	21,001,640	17,997,939	16,660,348	14,422,787	12,176,737
Net gains/ (losses) from trading	3,433,734	(5,347,822)	17,602,384	4,742,396	2,627,620	3,473,065	(5,163,417)	17,678,455	4,813,011	2,643,463
Net fair value gains/ (losses) from financial instruments at fair value through profit or loss	1,507,537	858,722	(804,438)	1,347,097	928,234	1,714,133	1,448,963	(956,745)	1,309,021	991,525
Net gains/ (losses) from derecognition of financial assets	(3,598,692)	1,361,863	861,349	393,920	482,684	(2,892,497)	1,469,888	877,853	466,392	492,996
Net other operating income	(7,467,042)	(5,358,356)	16,384,811	5,716,254	2,553,705	(7,006,387)	(4,601,757)	16,922,573	6,535,886	2,672,780
Total operating income	182,041,024	100,356,412	176,742,126	137,631,010	93,327,200	188,017,754	106,661,728	180,951,376	142,536,724	96,180,742
Less : Impairment charge/ (reversal) for loans and other losses	(20,343,159)	(4,906,277)	87,155,696	43,733,731	31,232,178	(20,720,005)	(5,048,666)	87,294,905	43,661,965	32,032,073
Net operating income	202,384,183	105,262,689	89,586,430	93,897,279	62,095,022	208,737,759	111,710,394	93,656,471	98,874,759	64,148,669
Less : Operating expenses										
Personnel expenses	40,287,071	29,818,199	28,991,429	24,981,940	18,190,480	42,946,620	32,311,681	31,352,978	26,925,255	20,050,612
Depreciation and amortisation expenses	4,194,927	3,852,931	4,286,899	4,146,256	4,254,528	4,308,053	4,229,242	4,507,368	4,239,633	4,391,152
Other expenses	22,602,628	18,585,567	14,018,161	12,552,393	10,639,665	24,557,901	20,474,129	15,423,966	13,866,816	12,080,058
Total operating expenses	67,084,626	52,256,697	47,296,489	41,680,589	33,084,673	71,812,574	57,015,052	51,284,312	45,031,704	36,521,822
Operating profit/ (loss) before Taxes on financial services	135,299,557	53,005,992	42,289,941	52,216,690	29,010,349	136,925,185	54,695,342	42,372,159	53,843,055	27,626,847
Less : Taxes on financial services	28,395,289	12,663,569	11,313,292	9,027,173	5,458,468	28,790,143	12,955,824	11,442,505	9,339,679	5,463,182
Operating profit/ (loss) after Taxes on financial services	106,904,268	40,342,423	30,976,649	43,189,517	23,551,881	108,135,042	41,739,518	30,929,654	44,503,376	22,163,665
Share of profits/ (losses) of associate companies, net of tax	-	-	-	-	-	86,425	33,507	122,847	133,677	82,488
Profit/ (loss) before income tax	106,904,268	40,342,423	30,976,649	43,189,517	23,551,881	108,221,467	41,773,025	31,052,501	44,637,053	22,246,153
Less : Income tax expense/ (reversal)	42,517,329	13,648,897	(995,759)	5,599,410	5,786,749	43,159,990	14,155,438	(796,516)	5,953,659	5,938,747
Profit/ (loss) for the year	64,386,939	26,693,526	31,972,408	37,590,107	17,765,132	65,061,477	27,617,587	31,849,017	38,683,394	16,307,406
Profit attributable to :										
Equity holder of the Bank	64,386,939	26,693,526	31,972,408	37,590,107	17,765,132	65,007,643	27,571,569	31,994,638	38,490,392	16,842,514
Non-controlling interest	-	-	-	-	-	53,834	46,018	(145,621)	193,002	(535,108)
Profit/ (loss) for the year	64,386,939	26,693,526	31,972,408	37,590,107	17,765,132	65,061,477	27,617,587	31,849,017	38,683,394	16,307,406

STATEMENT OF FINANCIAL POSITION

	Bank					Group				
As at 31 December	2024 LKR '000	2023 LKR '000	2022 LKR '000	2021 LKR '000	2020 LKR '000	2024 LKR '000	2023 LKR '000	2022 LKR '000	2021 LKR '000	2020 LKR '000
Assets										
Cash and cash equivalents	115,422,407	135,550,505	128,401,532	82,647,406	84,416,624	116,281,852	137,369,158	135,230,827	82,312,908	83,198,445
Balances with Central Banks	52,346,230	34,932,639	70,494,529	74,121,781	33,351,852	52,346,230	34,932,639	70,494,529	74,121,781	33,351,852
Placements with banks	62,413,107	74,966,171	16,459,303	4,957,417	27,615,851	61,576,750	73,024,979	17,811,665	5,342,369	27,913,969
Securities purchased under resale agreements	23,982,341	3,711,918	1,480,403	2,074,474	2,001,047	21,581,160	3,695,392	1,463,368	2,976,664	3,822,312
Derivative financial instruments	23,500,600	20,525,840	57,155,486	4,342,531	548,926	23,500,600	20,525,840	57,155,486	4,342,531	548,926
Financial assets recognised through profit or loss										
-measured at fair value	21,003,177	40,642,530	10,280,055	9,230,022	9,856,220	29,762,487	48,830,871	10,636,190	9,640,813	10,869,471
Financial assets at amortised cost										
- loans and advances	2,177,707,779	2,209,061,924	2,325,594,329	2,413,762,291	1,988,409,007	2,221,161,844	2,240,611,228	2,355,978,333	2,446,330,329	2,018,393,730
- debt and other instruments	2,275,934,376	1,653,728,403	1,555,897,307	1,082,179,876	724,390,172	2,282,636,084	1,660,012,978	1,562,373,679	1,082,837,662	725,579,585
Financial assets measured at fair value through OCI	52,049,653	49,533,998	8,690,802	18,302,556	15,362,480	53,862,763	52,199,685	10,750,044	22,879,810	17,913,778
Investment in subsidiary companies	8,080,402	8,181,138	8,181,138	8,181,138	6,513,048	-	-	-	-	-
Investment in associate companies	92,988	92,988	92,988	92,988	92,988	828,923	737,115	684,336	595,531	510,084
Investment properties	2,414,640	2,414,640	2,414,640	2,414,640	2,534,118	-	95,446	104,798	107,704	114,370
Property, Plant and Equipment	45,621,257	42,564,498	34,845,004	32,757,485	33,366,003	62,308,257	59,566,898	50,992,323	46,944,191	47,418,620
Right of Use Assets/ Leasehold properties	5,554,420	3,508,618	3,002,305	3,137,955	3,208,879	3,355,142	2,986,704	2,624,300	2,825,719	2,643,686
Intangible assets	1,608,812	1,554,875	1,442,433	1,039,985	1,020,881	1,710,211	1,654,722	1,593,344	1,214,591	1,228,597
Deferred tax assets	15,836,422	18,503,397	15,577,466	2,152,712	-	15,967,300	18,594,558	15,598,541	2,213,847	76,873
Other assets	101,570,363	112,274,233	96,449,984	61,888,586	50,292,999	101,791,704	112,921,804	97,276,598	63,262,306	51,189,477
Total assets	**4,985,138,976**	**4,411,748,315**	**4,336,459,704**	**3,803,283,843**	**2,982,981,095**	**5,048,671,307**	**4,467,760,017**	**4,390,768,561**	**3,847,949,756**	**3,024,773,775**
Liabilities										
Due to banks	1,671,087	3,047,732	11,514,897	17,936,070	2,402,043	1,682,417	3,162,463	11,547,714	18,646,339	2,628,434
Securities sold under repurchase agreements	131,079,414	78,463,070	180,218,543	162,156,413	57,106,652	130,030,614	77,829,770	179,938,744	161,668,335	57,697,780
Derivative financial instruments	16,476,077	2,169,202	921,033	380,328	102,182	16,476,077	2,169,202	921,033	380,328	102,182
Financial liabilities at amortised cost										
- due to depositors	4,208,603,435	3,882,232,323	3,334,774,261	2,866,894,010	2,474,775,488	4,245,531,800	3,909,580,686	3,358,198,424	2,986,237,094	2,493,110,291
- other borrowings	29,143,678	33,666,236	390,489,543	444,107,977	180,884,127	32,344,253	35,592,741	397,083,583	447,875,002	185,102,055
Debt securities issued	-	-	-	-	-	718,873	730,839	58,807	2,107,182	2,107,493
Current tax liabilities	23,209,855	7,621,675	6,523,443	647,993	591,723	23,594,223	7,877,471	6,853,709	978,532	775,259
Deferred tax liabilities	-	-	-	-	923,462	2,911,350	2,933,596	2,694,221	2,153,309	3,305,797
Insurance contract liabilities - Life	-	-	-	-	-	400,967	359,606	355,190	413,743	498,767
Insurance contract liabilities - Non life	-	-	-	-	-	423,923	671,728	662,773	526,017	488,784
Other liabilities	203,859,925	88,141,547	94,075,650	46,042,365	44,898,628	203,826,491	89,835,809	96,425,230	47,461,127	45,372,722
Subordinated liabilities	68,535,700	64,691,810	63,758,191	64,358,855	64,637,407	68,282,559	64,437,320	63,498,599	64,105,970	64,627,397
Total liabilities	**4,682,579,171**	**4,160,033,595**	**4,082,275,561**	**3,602,524,011**	**2,826,321,712**	**4,726,223,547**	**4,195,181,231**	**4,118,238,027**	**3,632,552,978**	**2,855,816,961**
Equity										
Share capital	25,730,000	25,730,000	25,730,000	25,000,000	25,000,000	25,730,000	25,730,000	25,730,000	25,000,000	25,000,000
Permanent reserve fund	16,953,000	15,665,000	15,131,000	14,491,000	13,739,000	16,953,000	15,665,000	15,131,000	14,491,000	13,739,000
Retained earnings	183,388,860	171,351,609	158,616,238	136,739,177	96,983,948	185,536,613	173,063,302	159,819,481	138,104,222	97,463,266
Cashflow hedge reserve	1,521,423	5,251,517	25,620,635	3,239,266	-	1,521,423	5,251,517	25,620,635	3,239,266	-
Other reserves	74,966,522	33,716,594	29,086,270	21,290,389	20,936,435	91,555,247	51,748,171	45,172,451	22,972,844	31,486,761
Total equity attributable to equity holder of the Bank	**302,559,805**	**251,714,720**	**254,184,143**	**200,759,832**	**156,659,383**	**321,296,283**	**271,457,990**	**271,473,567**	**213,807,332**	**167,689,027**
Non-controlling interest	-	-	-	-	-	1,151,477	1,120,796	1,056,967	1,589,446	1,267,787
Total equity	**302,559,805**	**251,714,720**	**254,184,143**	**200,759,832**	**156,659,383**	**322,447,760**	**272,578,786**	**272,530,534**	**213,396,778**	**168,956,814**
Total liabilities and equity	**4,985,138,976**	**4,411,748,315**	**4,336,459,704**	**3,803,283,843**	**2,982,981,095**	**5,048,671,307**	**4,467,760,017**	**4,390,768,561**	**3,847,949,756**	**3,024,773,775**
Contingent liabilities and commitments	1,788,296,358	1,539,206,229	1,344,899,769	999,726,729	600,210,687	1,789,396,253	1,548,802,111	1,346,920,056	1,018,141,749	619,669,887

Financial Statements for the last 5 years been extracted from the Audited Financial Statements. The Board of Directors is responsible for the preparation and presentation of Financial Statements.

Certification

Certify that above financial statements have been extracted from the audited financial statements of the Bank for the last five years ended 31.12.2024.

Mr. M P Kumara Kumara
Chief Financial Officer

Mr. W P Russel Fonseka
General Manager

Mr. Kavinda de Zoysa
Chairman

14-03-2025

KPMG
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INDEPENDENT LIMITED ASSURANCE REPORT

Conclusion

We have performed a limited assurance engagement on whether the Sustainable Finance Framework ("Subject Matter Information") of Bank of Ceylon ("the Issuer" / "the Bank") has been prepared in alignment with the pre-issuance requirements of the Green Bond Principles (GBP) (June 2025), Social Bond Principles (SBP) (June 2025), Sustainability Bond Guidelines (June 2021) published by the International Capital Market Association (ICMA) and the Sri Lanka Green Finance Taxonomy (May 2022) issued by the Central Bank of Sri Lanka where applicable ("Criteria").

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Issuer's Sustainable Finance Framework which will form the basis for its Sustainability Bond proposed to be issued, is not, in all material respects, prepared in accordance with the Criteria. Our conclusion on the Sustainable Finance Framework of Bank of Ceylon does not extend to any other information that accompanies or contains the Sustainable Finance Framework of Bank of Ceylon and our report.

Basis for conclusion

We conducted our engagement in accordance with Sri Lankan Standard on Assurance Engagements (SLSAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka (ICASL). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics).

The firm applies Sri Lanka Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Criteria Used as the Basis of Reporting

The criteria used as the basis of reporting is the Green Bond Principles (GBP) (June 2025), Social Bond Principles (SBP) (June 2025), Sustainability Bond Guidelines (June 2021) published by the International Capital Market Association (ICMA) and the Sri Lanka Green Finance Taxonomy (May 2022) issued by the Central Bank of Sri Lanka where applicable ("Criteria").

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C. P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA
W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

KPMG

Other Matters

The maintenance and integrity of the issuer's website is the responsibility of the Issuer's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Issuer's website. Our conclusion is not modified in respect of this matter.

Intended purpose of our Report

We have been engaged by the Management of Bank of Ceylon ("the Bank") to provide limited assurance on whether the Sustainable Finance Framework of the Bank has been prepared in alignment with the Criteria.

Restriction on use or distribution of our Report

This report has been prepared for the Directors of Bank of Ceylon for the purpose of providing an assurance conclusion on whether the Sustainable Finance Framework of the Bank has been prepared in alignment with the Criteria and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Bank, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Bank of Ceylon, for any purpose or in any other context. Any party other than Bank of Ceylon who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Bank of Ceylon for our work, for this independent assurance report, or for the conclusions we have reached.

Management's responsibility

The Management of the Issuer is responsible for:

- Designing, implementing and maintaining internal controls relevant to the preparation of the Sustainable Finance Framework such that it is free from material misstatement, whether due to fraud or error.
- Selecting suitable criteria for preparing the Sustainable Finance Framework and appropriately referring to or describing the criteria used;
- Preparing the Sustainable Finance Framework in accordance with the Criteria.
- Ensuring that the Issuer and its Proposed Sustainability Bond including the Sustainable Finance Framework complies with Criteria. This responsibility includes designing, implementing and maintaining systems and processes relevant for the management of Sustainability Bond proceeds and for the evaluation process related to the selection of eligible projects.
- Preventing and detecting fraud and for identifying and ensuring that the Issuer complies with laws and regulations applicable to its activities; and
- Ensuring that staff involved with the preparation and presentation of the description in the issuer's Sustainable Finance Framework are properly trained, and information systems are properly updated.

KPMG

Inherent Limitations in Preparing the Subject Matter Information

Our assurance process was subject to the following limitations as we have not been engaged to:

- Determine which, if any, recommendations should be implemented
- Provide assurance on information outside the defined reporting boundary and period
- Verify the Issuer's financial statements & economic performance
- Verify the Issuer's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention and national or global socio-economic and environmental aspects provided by the Issuer.

Our work was not designed to opine on the design, implementation or operating effectiveness of controls employed by the Issuer to ensure ongoing compliance with the Issuer's Sustainable Finance Framework and, accordingly, we do not express a conclusion thereon.

Our Responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Issuer's Sustainable Finance Framework is prepared in accordance with the Criteria;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Management of Bank of Ceylon.

Our responsibility is to report in the form of an independent limited assurance conclusion in relation to the above scope based on the procedures performed and the evidence obtained. We conducted our engagement with a multidisciplinary team which included professionals with suitable skills and experience in carrying out assurance engagements on environmental, social and economic information in line with the requirements of SLSAE 3000 standard.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Sustainable Finance Framework that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Issuer's Sustainable Finance Framework and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- Interviews with management and key staff of the Issuer responsible for the Sustainability Bond to obtain an understanding of the processes, systems and controls in place for preparation of the Bond Framework and management of bond proceeds;
- Inspection of the Issuer's Sustainable Finance Framework that describes processes, systems and controls in place for management of bond proceeds; investment areas for Sustainability Bond proceeds and intended management of unallocated proceeds; and
- Inspection of the planned technical specification of the Issuer's Sustainable Finance Framework defined projects, which will qualify to be associated with the Sustainability Bond and assessment of their conformance with the eligibility requirements set out in Criteria.
- Assessment of the suitability of the Criteria used by the Issuer in preparing the Sustainable Finance Framework

The scope of our pre-issuance assurance engagement was to provide assurance on information on material aspects of the Sustainable Finance Framework which will form the basis for the proposed Sustainability Bond based on the Criteria, for the areas listed below:

- Use of Proceeds
- Process for Evaluation and Selection of Projects & Assets
- Management of Proceeds
- Reporting

We planned and performed our work to obtain all the evidence, information and explanations that we considered necessary to obtain a meaningful level of assurance in relation to the above scope. The procedures we performed were based on our professional judgment and included, as appropriate, inquiries, inspection of documents and evaluating the appropriateness of reporting policies.

Our engagement included assessing the appropriateness of the subject matter information, the Issuer's Sustainable Finance Framework for suitability with the Criteria. We believe that the procedures we have performed and the evidence we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Issuer's Sustainable Finance Framework.

CHARTERED ACCOUNTANTS
Colombo
10th December 2025

BANK OF CEYLON

Bankers to the Nation

Managers / Registrars to the issue:

Bank of Ceylon, Investment Banking Division,
7th Floor, Bank of Ceylon Head Office, BOC Square,
No. 1, Bank of Ceylon Mawatha, Colombo 1.