



## NOTICE OF EXTRA-ORDINARY GENERAL MEETING

NOTICE is hereby given that an Extra-Ordinary General Meeting of the Hatton National Bank PLC is convened on Wednesday, the Fifth (05<sup>th</sup>) day of July 2017 at 10.00 in the forenoon, at the Auditorium on Level 22 of "HNB Towers" at No: 479, T B Jayah Mawatha, Colombo 10, to consider and if thought fit, pass the following ORDINARY RESOLUTION :-

### RESOLUTION

[Rights Issue of ordinary voting shares and ordinary non-voting shares]

### IT IS HEREBY RESOLVED:

- That (i) up to 70,082,228 ordinary shares comprising of 55,995,792 ordinary voting shares and 14,086,436 ordinary non-voting shares or (ii) such other higher number of shares, in the event of an increase in the total number of ordinary voting and ordinary non-voting shares in issue as at the date of entitlement, consequent to the issue of any shares to employees of the Bank pursuant to the exercise of under the ESOP (Employee Share Option Plan) of the Bank before the entitlement date, be issued by way of a rights issue of shares to the shareholders of the Bank in the proportion of One (01) new ordinary voting share for every Six (6) ordinary voting shares (1 : 6) held and One (01) new ordinary non-voting share for every Six (6) ordinary non-voting shares (1 : 6) held as at the end of trading on 5<sup>th</sup> July 2017 (the date of entitlement), at an issue price of Rs. 220/- per each ordinary voting share and at an issue price of Rs. 190/- per each ordinary non-voting share, provided that no shareholder shall upon or in consequence of the said Rights Issue of new shares be entitled to a fraction of any share.
- That any unsubscribed rights and any shares representing fractional entitlements be deemed declined shares and be pooled together and be allotted to the respective voting and non-voting shareholders who have applied for additional shares on a reasonable basis determined by the Directors or in full satisfaction of their requests for additional rights, depending on the availability of shares, at the same price but subject to the shareholding restrictions in the Banking Act No. 30 of 1988 (as amended) and any surplus shares as shall remain after allocating to the shareholders who have applied for additional rights in full satisfaction of their requests, be allotted to any person or persons at the discretion of the Board.
- That the new ordinary shares so allotted upon acceptance shall, in respect of ordinary shares (voting) rank equal and *pari passu* in all respects with the existing ordinary shares (voting) and shall, in respect of ordinary shares (non-voting), rank equal and *pari passu* in all respects with the existing ordinary shares (non-voting), of the Bank, including the right to participate in any dividend which may be declared after the final allotment which shall be after the last date of acceptance and payment.

By Order of the Board  
HATTON NATIONAL BANK PLC

K A L Thushari Ranaweera (Mrs)  
DEPUTY GENERAL MANAGER (LEGAL)/  
BOARD SECRETARY

Colombo,  
DATED : 6<sup>th</sup> June 2017.

### NOTE :

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote in his/her stead
2. A Proxy need not be a member of the Company
3. A Form of Proxy accompanies this Notice

## Summary of Article 22 of the Articles of Association of Hatton National Bank PLC

### PROCEDURE ON VOTING AND HOW A POLL IS TO BE TAKEN AT A MEETING OF SHAREHOLDERS

- Voting at a meeting of shareholders shall, unless a poll is demanded, be by a show of hands, or voting by voice as may be determined by the Chairman.
- Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands or voting by voice as aforesaid every member who is present at the meeting shall have one (01) vote, and on a poll every member who is present in person at the meeting shall be entitled to one (01) vote for each voting share held by him.
- A declaration by the Chairman of the meeting that a resolution is carried by the requisite majority is conclusive evidence of that fact, unless a poll is demanded.
- At a meeting of shareholders, a poll may be demanded on a particular question as provided for in the Companies Act No.7 of 2007 by,
  - the Chairman;
  - not less than five (5) shareholders having the right to vote at the meeting; or
  - a shareholder or shareholders representing not less than ten per centum (10%) of the total voting rights of all shareholders having the right to vote at the meeting.
- A poll may be demanded either before or after the vote is taken on a resolution. A demand for a poll may be withdrawn any time before the poll is taken.
- If a poll is taken, votes shall be counted according to the votes attached to the shares of each shareholder present and voting.
- In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall be entitled to a second or casting vote.
- A declaration by the Chairman of the meeting that a resolution has been carried, or carried unanimously or by a particular majority, or lost, and an entry made to that effect in the minute book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such a resolution.

# Form of Proxy [Voting]

I/We .....  
of .....  
being \*a shareholder/shareholders of the Hatton National Bank PLC, hereby appoint ..... of ..... or failing him/her Rienzie Anicetus Fernando Arseculeratne or failing him, Antonio Jonathan Alles or failing him, Mirihana Arachchige Rose Chandralatha Cooray or failing her, Lokuwithanage Rohan Karunaratne or failing him, Don Tiburtius Sujeewa Handapangoda Mudalige or failing him, Don Sanjivani Clarinda Jayawardena or failing her, Rusi Sohli Captain or failing him, Damian Amal Cabraal or failing him, Palitha Srideva Chulakumara Pelpola or failing him, Eugen Duliksha Pratharp Soosaipillai or failing him, Appu Hennadige Don Anthony Nilanth de Silva as \*my/our proxy, to attend, vote and speak on \*my/our behalf at the Extra-Ordinary General Meeting of the Bank to be held at the Auditorium on Level 22 of "HNB Towers" at No. 479, T B Jayah Mawatha, Colombo 10, on Wednesday, the Fifth (05<sup>th</sup>) day of July, 2017 at 10.00 in the forenoon and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/we the undersigned hereby authorize my/our proxy to vote on my/our behalf in accordance with the preference indicated below :

(i) Ordinary Resolution Rights issue of shares	In favour	
	Against	

Mark your preference with "✓"

Signed this ..... day of ..... 2017.

Signature/s .....  
.....  
.....

<i>Please provide the following details:</i>	
Shareholder's NIC No / Company Registration No.	: .....
Folio No / Number of Shares held	: .....
Proxy holder's NIC No (if not a Director)	: .....

\* Delete inappropriate words

Note - See reverse hereof for instructions to complete the proxy

*INSTRUCTIONS TO COMPLETE PROXY*

1. The full name and the registered address of the shareholder appointing the Proxy should be legibly entered in the Form of Proxy, duly signed and dated.
2. The completed Proxy should be deposited with the Board Secretary, at the Registered Office of the Bank at No. 479, T B Jayah Mawatha, Colombo 10 ("HNB Towers", Level 18), not less than 24 hours before the time appointed for holding the Meeting.
3. The Proxy shall -
  - (a) in the case of an individual, be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Bank.
  - (b) in the case of a company or corporate body, either be under its Common Seal or signed by its attorney or by an officer on behalf of the Company or corporate body in accordance with the Articles of Association or the Constitution of that Company or corporate body.

The Bank may but shall not be bound to, require evidence of the authority of any such attorney or officer.
  - (c) in the case of joint-holders, the first joint-holder has the power to sign the proxy without the concurrence of the other joint-holder/s.
4. Every alteration or addition to the Proxy must be duly authenticated by the full signature of the shareholder signing the Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.

# Form of Proxy [Non-Voting]

I/We .....  
of .....  
being \*a shareholder/shareholders of the Hatton National Bank PLC, hereby appoint ..... of ..... or failing \*him/her Rienzie Anicetus Fernando Arseculeratne or failing him, Antonio Jonathan Alles or failing him, Mirihana Arachchige Rose Chandralatha Cooray or failing her, Lokuwithanage Rohan Karunaratne or failing him, Don Tiburtius Sujeewa Handapangoda Mudalige or failing him, Don Sanjivani Clarinda Jayawardena or failing her, Rusi Sohli Captain or failing him, Damian Amal Cabraal or failing him, Palitha Srideva Chulakumara Pelpola or failing him, Eugen Duliksha Pratharp Soosaipillai or failing him, Appu Hennadige Don Anthony Nilanth de Silva as \*my/our proxy, to attend and speak on \*my/our behalf at the Extra-Ordinary General Meeting of the Bank to be held at the Auditorium on Level 22 of "HNB Towers" at No. 479, T B Jayah Mawatha, Colombo 10, on Wednesday, the Fifth (05<sup>th</sup>) day of July, 2017 at 10.00 in the forenoon and at any adjournment thereof.

Signed this ..... day of ..... 2017.

Signature/s .....  
.....  
.....

*Please provide the following details:*

Shareholder's NIC No / Company Registration No.: .....

Folio No / Number of Shares held : .....

Proxy holder's NIC No (if not a Director) : .....

*\* Delete inappropriate words*

*Note - See reverse hereof for instructions to complete the proxy*

## INSTRUCTIONS TO COMPLETE PROXY

1. The full name and the registered address of the shareholder appointing the Proxy should be legibly entered in the Form of Proxy, duly signed and dated.
2. The completed Proxy should be deposited with the Board Secretary, at the Registered Office of the Bank at No. 479, T B Jayah Mawatha, Colombo 10 ("HNB Towers", Level 18), not less than 24 hours before the time appointed for holding the Meeting.
3. The Proxy shall -
  - (a) in the case of an individual, be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Bank.
  - (b) in the case of a company or corporate body, either be under its Common Seal or signed by its attorney or by an officer on behalf of the Company or corporate body in accordance with the Articles of Association or the Constitution of that Company or corporate body.

The Bank may, but shall not be bound to, require evidence of the authority of any such attorney or officer.
  - (c) in the case of joint-holders, the first joint-holder has the power to sign the proxy without the concurrence of the other joint-holder/s.
4. Every alteration or addition to the Proxy must be duly authenticated by the full signature of the shareholder signing the Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.



**Hatton National Bank**

[Reg No: PQ 82]

Company Secretarial Division,  
Legal Department,  
Level 18, "HNB Towers"  
No.479, T B Jayah Mawatha  
Colombo 10, Sri Lanka

## CIRCULAR TO SHAREHOLDERS

Dated : 6<sup>th</sup> June 2017

### *THIS DOCUMENT IS OF VALUE.*

If you are in any doubt about the action you should take, you should consult your stockbroker or other professional adviser immediately.

Dear Shareholder/s,

The Hatton National Bank PLC ("the Bank" or the "Company" ) being a premier private sector commercial bank, has been successful in posting robust growth in the recent past. The Bank's focus on driving strategy through people, processes and technology has enabled HNB Group to record a profit before tax of Rs 20.1 Bn and a profit after tax of Rs 14.1 Bn for the year 2016. The Bank's Return on Assets improved to 1.9% while the Bank recorded an impressive 20% return on shareholders' funds during the last financial year.

As such, having identified the need to raise funding to support the anticipated balance sheet growth while keeping in mind the stringent capital requirements proposed under Basel III regulations, the Board of Directors of the Bank has decided to issue up to 70,082,228 new ordinary shares constituting of 55,995,792 ordinary voting shares and 14,086,436 ordinary non-voting shares by way of a rights issue of shares (the "Rights Issue") subject to approval of the shareholders at an Extra-Ordinary General Meeting (the "EGM").

### **1.0 RIGHTS ISSUE OF NEW ORDINARY SHARES – VOTING & NON-VOTING**

(i) The Board of Directors has decided that the 55,995,792 new ordinary voting shares will be issued at a consideration of Rs. 220/- per each voting share and the 14,086,436 new ordinary non-voting shares will be issued at a consideration of Rs. 190/- per each non-voting share. The ordinary voting shares and the ordinary non-voting shares under the proposed Rights Issue will be issued in the proportion of 1 (one) new share for every 6 (six) shares held by the holders of ordinary voting shares and ordinary non-voting shares based on the shares held as at the end of trading on the date of the EGM (the "date of entitlement"), provided that no shareholder will be entitled to any fraction of any share.

(ii) In the opinion of the Directors the consideration of Rs. 220/- per each ordinary voting share and Rs. 190/- per each ordinary non-voting share is fair and reasonable to the Bank and to all the shareholders.

(iii) It is to be noted that the number of shares mentioned above could increase if any shares are issued to employees of the Bank pursuant to the exercise of any options issued under ESOP (Employee Share Option Plan) of the Bank prior to the date of the EGM.

(iv) The Rights Issue will provide an opportunity to the shareholders to increase their holding in the Bank and would not cause any dilution to their existing holding if they take up their rights entitlement in full.

4.	Mr. S.E. Captain	24,418,023	7.27
5.	Stassen Exports (Pvt) Limited	23,060,263	*6.86
6.	Sri Lanka Insurance Corporation Ltd-General Fund	16,616,599	4.95
7.	Sonetto Holdings Limited.	15,139,879	4.51
8.	HSBC Intl Nominees Ltd-JPMU-Franklin Templeton Investment Funds	11,626,465	3.46
9.	Distilleries Company of Sri Lanka PLC	10,317,455	*3.07
10.	National Savings Bank	9,653,749	2.87
11.	Standard Chartered Bank Singapore S/A HL Bank Singapore Branch	6,355,721	1.89
12.	BNYM SA/NV Re-CF Ruffer Total Return Fund	5,292,794	1.58
13.	BNYM SA/NV Re-CF Ruffer Absolute Return Fund	3,552,679	1.06
14.	RBC Investor Services Bank-Coeli Sicav I- Frontier Markets Fund	3,271,332	0.97
15.	Citibank Newyork S/A Norges Bank Account 2	3,212,107	0.96
16.	Ms. L.A. Captain	2,956,319	0.88
17.	BNYM SA/NV Re-Magna Umbrella Fund PLC	2,844,564	0.85
18.	Mrs. C.S. De Fonseka	2,835,133	0.84
19.	Citigroup Global Markets Limited Agency Trading Prop Securities A/C	2,769,240	0.82
20.	BNYM SA/NV Re-CF Ruffer Investment Funds : CF Ruffer Pacific Fund	2,707,555	0.81

(\* Pursuant to the provisions of the Banking Act Direction No. 1 of 2007, so long as Milford Exports (Ceylon) Limited, Stassen Exports Limited and Distilleries Company of Sri Lanka PLC collectively hold more than 15% of the total voting ordinary shares in the Bank, their collective voting rights in the Bank are limited to 10% of the total voting rights of the Bank with effect from 15th March 2012).

ii) The top 20 non-voting shareholders of the Bank as at 31<sup>st</sup> March 2017 are as follows:

	<b><u>Name of the Shareholder – Non-voting</u></b>	<b><u>No. of shares</u></b>	<b><u>% on non-voting capital</u></b>
1.	HSBC Intl Nom Ltd-UBS AG Zurich	7,316,538	8.66
2.	Citibank New York S/A Norges Bank Account 2	6,842,715	8.10



3.	HSBC Intl Nominees Ltd-JPMLU -Franklin Templeton Investment Funds	5,869,358	6.94
4.	BNYM SA/NV Re-Frontaura Global Frontier Fund LLC	4,408,152	5.22
5.	BNYM SA/NV Re-CF Ruffer Total Return Fund	2,642,580	3.13
6.	BNYM SA/NV Re-Neon Liberty Lorikeet Master Fund LP	2,617,484	3.10
7.	Akbar Brothers Pvt Ltd A/C No 1	2,566,519	3.04
8.	BNYM SA/NV Re-CF Ruffer Absolute Return Fund	1,760,302	2.08
9.	Mr. S.E. Captain	1,491,069	1.76
10.	Rubber Investment Trust Limited A/C # 01	1,202,994	1.42
11.	Union Assurance PLC/No-01 A/C	1,149,277	1.36
12.	BNYM SA/NV Re-CF Ruffer Investment Funds : CF Ruffer Pacific Fund	1,044,913	1.24
13.	Mr. J.D. Bandaranayake	1,017,859	1.20
14.	Employees Trust Fund Board	924,129	1.09
15.	Northern Trust Company S/A Polar Capital Funds PLC	888,247	1.05
16.	Union Assurance PLC/Account No. 05 (Unit-Linked Life Insurance Fund-Equity Fund)	829,443	0.98
17.	The Ceylon Guardian Investment Trust PLC A/C # 02	762,682	0.90
18.	Deutsche Bank AG as Trustee For JB Vantage Value Equity Fund	761,155	0.90
19.	The Ceylon Investment PLC A/C # 02	623,901	0.74
20.	CB NY S/A Salient International Dividend Signal Fund	606,438	0.72

## 5.0 DISCLOSURE IN THE INTERIM FINANCIAL STATEMENTS AND THE ANNUAL REPORT

(i) The information in the following format would be disclosed in the interim financial statements and the Annual Report of the Bank until such time the objectives of the Rights Issue are fully achieved and the funds are fully utilized.

Continuous Disclosure regarding status of utilization of funds raised via Rights issue as at (dd-mm-yyyy)

Objective Number	Objective as per circular	Amount allocated as per circular (LKR)	Proposed Date of utilization as per circular	Amount allocated from proceeds (LKR) (A)	% of total proceeds	Amount utilized (LKR) (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (i.e. whether lent to related parties etc.)
1								
2								

(In the event the proceeds of the Rights Issue are utilized in terms of the objectives disclosed in the circular to shareholders prior to the submission of the Bank's next financial statements (ie. interim financial statement or Annual Report) the Bank to disclose the fact that the proceeds have been utilized in its entirety as per the above template).

(ii) The latest audited financial statements of the Bank as at 31<sup>st</sup> December 2016 as well as the unaudited interim financial statements for the period ended 31<sup>st</sup> March 2017 are available in the website of the Colombo Stock Exchange ([www.cse.lk](http://www.cse.lk)) and the investor relations section of the website of the Bank ([www.hnb.net](http://www.hnb.net)).

## 6.0 THE DIVIDEND HISTORY

The dividend history of the Bank for the past 3 years in respect of both voting and non-voting shares is as follows:

DIVIDENDS PAID (GROSS)	2015/2016	2014/2015	2013/2014
<b>Value in Rupees</b>			
Interim	620,017,115/00	608,435,788/00	602,554,543/50
Final	1,306,166,012/55	1,279,080,375/30	2,818,183,592/00
<b>Dividends Pay Out Ratio (Dividends /Net Profit after tax)</b>	24.87	33.03	38.10
<b>Dividends per share</b>			
Interim	1.50 per share	1.50 per share	1.50 per share
Final	3.50 per share (cash) 3.50 per share (scrip)	3.50 per share (cash) 3.50 per share (scrip)	7.00 per share

## 7.0 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

(i) Directors - Mr Nilanth de Silva (Chairman), Dr Rohan Karunaratne, Mr Palitha Pelpola and Managing Director)/CEO - Mr Jonathan Alles are the Members of the Related Party Transactions Review Committee (RPTRC) of the Bank.

## 8.0 APPLICATION FOR RIGHTS

(i) The offer to subscribe for the rights shares will be made by the Bank by way of a Letter of Provisional Allotment, with provision for renouncing such rights in favour of the Central Depository

Systems (Private) Limited (the "CDS"). The manner in which the Letter of Provisional Allotment should be dealt with will be fully set out therein.

(ii) In allotting shares provisionally, the shareholding as appearing in the CDS and the Shareholders' Register maintained by the Registrars of the Company (SSP Corporate Services (Pvt) Ltd., No.101, Inner Flower Road, Colombo 03), as at end of trading on the date of the EGM, will be amalgamated in so far as the National Identity Card Numbers of such shareholders are available with the Company for identification purposes.

(iii) New ordinary shares, not subscribed for as at the last date of acceptance and payment as would be specified in the Provisional Letter of Allotment and any shares representing fractional entitlements, will be deemed to have been declined and such declined ordinary voting shares and non-voting shares will be pooled together and be allotted to the respective holders of ordinary voting shares and ordinary non-voting shares who have applied for additional shares on a reasonable basis to be decided by the Board of Directors, or depending on the availability of the shares, in full satisfaction of their requests for additional rights, at the same price but subject to the shareholding restrictions in the Banking Act No. 30 of 1988 (as amended). Any surplus shares remaining thereafter will be allotted to any person at the discretion of the Board of Directors.

(iv) The rights shares will be provisionally allotted on the EGM date which would be the date of entitlement of the rights shares and the Provisional Letters of Allotment will be despatched within five (05) Market days from and excluding the date of entitlement. Trading of the "Rights" (allotment letters) shall commence on the fourth (4<sup>th</sup>) Market Day from and excluding the date of despatch of letters of provisional allotment. Such trading shall continue throughout the period of the renunciation to the CDS.

(v) As required in terms of Directive issued by the Securities and Exchange Commission of Sri Lanka ("SEC") under Circular No. 08/2010 dated 22<sup>nd</sup> November 2010 and Circular No. 13/2010 dated 30<sup>th</sup> November 2010 issued by the CDS, all new shares to be issued under the proposed Rights Issue, will be directly uploaded to the securities accounts of shareholders maintained with the CDS, within Twelve (12) Market days from the last date for acceptance and payments.

(vi) No share certificate will be issued to any shareholder. In the event of the non-availability of a CDS account number, the new shares to be allotted to any shareholder, will only be registered in the share ledger/register maintained by the Bank. Such shareholder will not be entitled to a share certificate nor be able to trade the new shares until such time these shares are deposited with the CDS. Therefore, the shareholders must ensure strict adherence to the aforementioned Directives and Circulars. Consequent to the opening of the CDS account by such shareholder, the new shares will be credited to such CDS account. Direct uploads pertaining to written requests received from shareholders to deposit such shares will be done every fortnight.

## 9.0 DATES FOR THE RIGHTS ISSUE

(i) Subject to the shareholder approval being obtained for the Rights Issue, the date of provisional allotment shall be the same date as the date of the EGM. The Shareholders duly registered in the Company's books including those holding shares through the CDS as at the end of trading on the date of the EGM, shall entitle to the Rights Issue.

(ii) The Company's shares shall trade ex-rights (XR) from the Market Day after the date of the provisional allotment, until the date for acceptance and payment for the rights shares.

(iii) The Last date for acceptance and payment for rights shares shall be 26<sup>th</sup> July 2017 being the 10<sup>th</sup> Market Day from and excluding the date of despatch of the provisional letter of allotment.

(iv) All incomplete applications/applications with incorrect details will be rejected. Refunds in respect of rejected applications shall be paid as expeditiously as possible but not exceeding ten (10) Market Days from the last date for acceptance and payment for the rights shares.

(v) As above said, the rights shares may be renounced to the CDS only. The period of renunciation shall not exceed nine (09) Market Days from and excluding the date of despatch of the Provisional Letters of Allotment.

#### **10.0 UNDERWRITING ARRANGEMENTS**

(i) The Bank has not entered into any formal underwriting arrangement in relation to the Rights Issue as the Board of Directors believe that the interest shown for the Bank's share does not warrant an underwriting for the issue. However, the Directors and the Management of the Bank have taken reasonable steps to complete the share issues successfully.

#### **11.0 APPROVAL FROM COLOMBO STOCK EXCHANGE/CONTROLLER OF EXCHANGE**

(i) Approval in principle has been obtained from the Colombo Stock Exchange (the "CSE") to issue and list the new ordinary shares arising from the Rights Issue. The listing of the shares by the CSE will in no way be reflective of the merits of the issue. The CSE assumes no responsibility for the correctness of any statements made, opinions expressed or reports included.

(ii) The Bank will obtain approval in principle from the Controller of Exchange for the allotment and issue of new ordinary voting and non-voting shares to the non-resident shareholders, where applicable.

(iii) The Bank further confirms that no other approval is required for the proposed Rights Issue other than the approvals stated in this Circular.

#### **12.0 EMPLOYEE SHARE OPTION PLAN ( ESOP)**

(i) It is required that all applications for listing of shares arising through the ESOP must be submitted to the CSE at least Three ( 03) Market Days prior to the date of the EGM. Accordingly, the Company will not be issuing any shares nor submitting any additional listing applications to the CSE in respect of options exercised under the ESOP from 29<sup>th</sup> June 2017 till the date of entitlement of the Rights Issue excluding the EGM date.

#### **13.0 EXTRA-ORDINARY GENERAL MEETING**

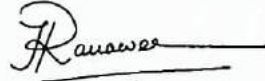
(i) The issue of shares by the Rights Issue as herein recommended is subject to the required resolution being passed by the shareholders. An Extra-Ordinary General Meeting of the Bank is being convened in accordance with the Notice of Meeting attached hereto, for the purpose of passing the resolutions set out therein.

(ii) Shareholders who are unable to attend the meeting in person are kindly requested to complete the enclosed Form of Proxy (in accordance with the instructions specified therein) and deposit it at the Registered Office of the Bank not less than 24 hours before the time appointed for the meeting.

#### 14.0 DIRECTORS' DECLARATION

(i) The Directors of the Bank collectively and individually accept full responsibility for the accuracy of the information given and confirm having made all reasonable enquiries, that to the best of their knowledge and belief that there are no other facts, the omission of which would render any statement in the Circular misleading.

By Order of the Board  
HATTON NATIONAL BANK PLC



K A L Thushari Ranaweera (Mrs)  
DEPUTY GENERAL MANAGER (LEGAL)/  
BOARD SECRETARY