

26th January 2009

**Commercial Bank
Voting Shares**

Downgrade to HOLD from BUY

**Recommendation
BUY**

**Ticker
COMB (Voting
Shares)**

**Share Price*
Rs.96**

**Market Cap*
Rs 22,394,996,736**

**ASPI*
1,818.06
MPI*
2,022.95**

*CSE DATA on 26th
January 2009

- With Commercial Bank rising sharply in price and reaching a price of Rs96 we are downgrading our recommendation on the voting shares to HOLD from BUY.
- We upgraded the counter to Buy on the 17th of November when the counter was Rs85 and maintained that recommendation as the share price fell.
- The weakness seen in the counter in the last two months was a great opportunity for long term investors to accumulate exposure to the counter with it trading below Rs70 for most of December
- However with the rise in it's share price, we feel investors who would now like to gain exposure to the counter are better served buying Commercial Bank Non Voting shares on which we have a Strong Buy recommendation or gaining indirect exposure to Commercial Bank through DFCC on which we continue to have a Buy recommendation
- We continue to feel that the discount that the Non Voting Shares trade at will narrow while investors will also get a higher yield on the Non Voting shares.



CAPITAL ALLIANCE

5th Floor, Millennium House, 46/58 Nawam Mawatha, Colombo 2, Sri Lanka

Tel: +94 11 231 7766, Fax: +94 11 231 7788, Email: general@capitalalliance.lk

For further information, please contact:

For further information, please contact:

Lakshan Algama Perera: +94 777 447 407

Harsha Gunawardena: +94 11 231 7716

K. H. R. Thilakarathna: +94 11 231 7752

W. A Susantha: +94 112 317757

Milanka Induruwage: +94 777 261 893

Sandeep Fernando: +94 11 231 7716

Husna Rafeek: +94 11 231 7722

Mangala Perera: +94 11 231 7717

Dumindu Silva: +94 11 2317753

Milindu Arumawadu: +94 77 359 3044

Chanaka Sanoj: +94 11 231 7755

Lulith Karunaratne (Matara) : +94 41 439 0610

Inok Wijesuriya (Matara):+94 41 439 0610

B. Mugundan (Jaffna) : +94 21 459 1111

T. Dananjaya(Negombo) : +94 31 222 7843

Sanathana Perera: +94 112 317742

This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources, believed to be reliable. Capital Alliance Securities (Private) Limited however does not warrant its completeness or accuracy. Opinions and estimates given constitute our judgment as of the date of the material and are subject to change without notice. This report is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The recipient of this report must make their own independent decision regarding any securities, investments or financial instruments mentioned herein. Securities or financial instruments mentioned may not be suitable to all investors. Capital Alliance Securities (Private) Limited it's directors, officers, consultants, employees, associates or business partner, will not be responsible, for any claims damages, compensation, suits, damages, loss, costs, charges, expenses, outgoing or payments including attorney's fees which recipients of the reports suffers or incurs directly or indirectly arising out actions taken as a result of this report. This report is for the use of the intended recipient only. Access, disclosure, copying, distribution or reliance on any of it by anyone else is prohibited and may be a criminal offence.