

Notary's No : H 0271

Duplicate : Homagama Land Registry

Judicial Division : Colombo

Name & Address : S S Halloluwa

Hatton National Bank PLC

No. 479, T B Jayah Mawatha

Colombo 10

Date of Attestation : 14.11.2014



NO : 3518

ORIGINAL

## TRUST DEED

FOR

**The public issue of Thirty Million (30,000,000) Senior Unsecured Redeemable Rated Debentures of the par value of rupees One Hundred (LKR 100/-) each by Hatton National Bank PLC with an option to issue up to a maximum of Forty Million (40,000,000) Debentures of the par value of Rupees One Hundred (LKR 100/-) each**

This Trust Deed is made on the Fourteenth (14th) day of **November** Two Thousand and Fourteen

**Between**

**HATTON NATIONAL BANK PLC** a Licensed Commercial Bank regulated under the Banking Act No. 30 of 1988 (as amended) duly established under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 bearing Company Registration Number **No PQ 82**, in the Democratic Socialist Republic of Sri Lanka (hereinafter called "the Company" and which term or expression herein used shall where the context so requires or admits mean and include the said **Hatton National Bank PLC**, its successors and assigns) of the **One Part**;

**And**

**DEUTSCHE BANK, AG COLOMBO BRANCH** a Banking Corporation duly incorporated in the Federal Republic of Germany and having its registered office at 12 Taunusamlage, Frankfurt am Main, Federal Republic of Germany and having a Branch Office at No. 86 Galle Road, Colombo 3, in the Democratic Socialist Republic of Sri Lanka (hereinafter referred to as the "Trustee" and which term or expression hereinafter used shall where the context so requires or admits mean and include the said **Deutsche Bank AG** its successors and assigns) of the **Other Part**;

**Whereas**

- The Company being duly empowered in that behalf by its Articles of Association has resolved by resolution dated 30<sup>th</sup> October 2014 of its Board of Directors to raise a sum up to Sri Lankan Rupees Three Billion (LKR 3,000,000,000) with an option to increase by a further Sri Lankan Rupees One Billion (LKR 1,000,000,000) in the event the Issue is oversubscribed, by the issue of Listed Senior Unsecured Redeemable Debentures for that amount, having tenures and bearing interest at the rates hereinafter mentioned and to be listed on the Colombo Stock Exchange.
- The said Debentures shall be constituted in the manner and upon the terms and conditions hereinafter contained;
- The Company has obtained an instrument rating of AA-(lka) from Fitch Ratings Lanka Limited for the aforesaid Debentures;

- The Trustee being duly qualified to act as Trustee under the Securities and Exchange Commission Act No 36 of 1987 (as amended) and as per the Listing Rules of the Colombo Stock Exchange, has agreed to accept the office of Trustee and act under the provisions of this Deed as Trustee for the benefit of and in the interests of the Debenture Holders on the terms hereinafter contained.

**NOW THIS DEED WITNESSETH AND IT IS HEREBY AGREED AND DECLARED AS FOLLOWS:**

**1. DEFINITIONS**

(a) In These Presents unless the subject or context otherwise requires the following expressions shall have the respective meanings given below:

1. **"BANKING ACT"** means the Banking Act No. 30 of 1988 of Sri Lanka as amended from time to time.
2. **"CENTRAL DEPOSITORY or CDS"** means the Central Depository Systems (Private) Limited.
3. **"CSE"** means the Colombo Stock Exchange.
4. **"CERTIFICATE"** means a certificate issued under These Presents and they may be signed on behalf of the Company by (a) any two Directors or (b) a Director and the Chief Executive Officer or (c) a Director and the Company Secretary or (d) any two other Officers specifically authorized by the Board of the Company to issue such certificate.
5. **"DATE OF ALLOTMENT"** means the date on which the Debenture's will be allotted to the Debenture Holders which date will be notified to the Debenture Holders.
6. **"DATE OF REDEMPTION"** means; third anniversary from the Date of Allotment for Type A, fifth anniversary from the Date of Allotment for Type B and tenth anniversary from the Date of Allotment for Type C or such earlier date on which the Debentures may become redeemable in accordance with These Presents or such later date on which the Debentures may be redeemable in the circumstances set out in Clause 4.2
7. **"DEBENTURES"** shall mean in respect of;

Type A Debentures - The Listed Rated Senior Unsecured Redeemable Debentures 2014-2017 of the par value of Sri Lanka Rupees One Hundred (LKR 100/-) each, bearing a fixed interest rate of Six decimal Eight Eight per cent (6.88%) per annum payable semi-annually on each Interest Payment Date from the Date of Allotment of the

Debentures until the date immediately preceding the Date of Redemption

Type B Debentures - The Listed Rated Senior Unsecured Redeemable Debentures 2014-2019 of the par value of Sri Lanka Rupees One Hundred (LKR 100/-) each, bearing a fixed interest rate of Seven decimal Seven Five per cent (7.75%) per annum payable semi-annually on each Interest Payment Date from the Date of Allotment of the Debentures until the date immediately preceding the Date of Redemption

Type C Debentures - The Listed Rated Senior Unsecured Redeemable Debentures 2014-2024 of the par value of Sri Lanka Rupees One Hundred (LKR 100/-) each, bearing a fixed interest rate of Eight decimal Three Three per cent (8.33%) per annum payable semi-annually on each Interest Payment Date from the Date of Allotment of the Debentures until the date immediately preceding the Date of Redemption

All the debentures under this indenture shall rank equal and pari passu in all respects except for the rate of interest and the Date of Redemption. They shall also rank pari passu with all other unsecured creditors of the Company.

8. **"DEBENTURE HOLDERS"** means the holders of Debentures in whose CDS account the Debentures are lodged as at the Entitlement Date.
9. **"ENTITLEMENT DATE"** means the Market Day immediately preceding the respective Interest Payment Date or Date of Redemption on which a Debenture Holder would need to be recorded as being a Debenture Holder on the list of Debenture Holders provided by the CDS to the Company in order to qualify for the payment of any interest or any redemption proceeds.
10. **"EVENT OF DEFAULT"** means any event set out in Clause 11.
11. **"EXTRAORDINARY RESOLUTION"** means a resolution passed by the holders of not less than three fourth (3/4) in the value of the Debenture Holders voting on such resolution.
12. **"INTEREST PAYMENT DATE"** shall mean the dates on which the interest payment shall fall due in respect of the Debentures being on the 30<sup>th</sup> June and 31<sup>st</sup> December of each year from the Date of Allotment of the Debentures and on such date and month thereafter until the Date of Redemption.

13. **"INTEREST PERIOD"** means the Six (06) month period commencing from an Interest Payment Date and ending on the date immediately preceding the next Interest Payment Date (inclusive of the aforementioned commencement date and the end date) and shall include the period commencing from the Date of Allotment and ending on the date immediately preceding the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period commencing from the last of such Interest Payment Dates before the Date of Redemption and ending on the date immediately preceding the date of Redemption (inclusive of the aforementioned commencement date and end date).
14. **"LISTED"** means tradable on the Colombo Stock Exchange.
15. **"MARKET DAY"** means a day on which trading takes place at the Colombo Stock Exchange.
16. **"PROSPECTUS"** means the prospectus issued in relation to the Debenture Issue in terms of the Companies Act No 7 of 2007 and CSE Listing Rules and delivered to the Registrar of Companies in terms thereof.
17. **"RATE OF INTEREST"** means in respect of;
- a. Type A debentures - Six decimal Eight Eight per centum (6.88%) per annum.
  - b. Type B debentures - Seven decimal Seven Five per centum (7.75%) per annum.
  - c. Type C debentures - Eight decimal Three Three per centum (8.33%) per annum.
  - d. **"RESOLUTION"** means a resolution passed by the Debenture Holders in terms of Clause 21 unless otherwise provided for.
  - e. **"REGISTERED ADDRESS"** when used in relation to a Debenture Holder means the address provided by the Debenture Holder to the CDS.
  - f. **"REGISTRARS"** means the Registrars to the Debenture Issue or such other person or persons to be appointed as the Registrars for the purpose of These Presents by the Company.

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- g. **"SEC"** means the Securities and Exchange Commission of Sri Lanka established under the Securities and Exchange Commission of Sri Lanka Act No.36 of 1987 (as amended).
  - h. **"SRI LANKAN RUPEES"** and the sign **"LKR"** mean the lawful currency of the Republic of Sri Lanka.
  - i. **"THESE PRESENTS"** means this Trust Deed as from time to time modified in accordance with the provisions herein contained and/or according to law and shall include any Supplementary Trust Deed executed in accordance with the provisions hereof.
  - j. **"TRUST DEED"** means These Presents as form time to time modified in accordance with the provisions herein contained and/or according to law and shall include any Supplementary Trust Deed executed in accordance with the provision hereof.
  - k. **"TRUSTEE"** means Deutsche Bank AG Colombo Branch, a licensed Commercial Bank under Banking Act No. 30 of 1988, or its successors or assigns.
- (b) Words denoting or importing the singular number shall include the plural number and vice versa and words denoting or importing the masculine gender only shall include the feminine gender and shall include corporate and unincorporated bodies of persons.
  - (c) In These Presents references to:
    - (i) any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made there under or under such modifications or re-enactment.
    - (ii) Principal and/or interest in respect of the Debentures or to any monies payable by the Company under These Presents or under the Debentures shall be deemed also to include references to any additional amounts which may be payable under These Presents.
    - (iii) Costs, charges or expenses shall include (but not be limited to) the Value Added Tax, Turnover Tax or similar tax charged or chargeable in respect thereof.
  - (d) References in this Trust Deed to clauses, sub-clauses, paragraphs and sub-paragraphs shall be construed as references to the clauses, sub clauses, paragraphs and sub-paragraphs of this Trust Deed respectively.
  - (e) The headings are inserted herein only for conveniences and shall not affect the construction of These Presents.

**2. APPOINTMENT OF THE TRUSTEE**

The Trustee is hereby appointed as Trustee for the purposes of the Debentures and for the benefit of and in the interests of the Debenture Holders as provided herein and the Trustee accordingly accepts the appointment upon the terms and conditions contained herein and agrees to act under the provisions of this Deed as the Trustee.

**3. AMOUNT OF THE DEBENTURE ISSUE**

Debentures will be issued by the Company to raise a sum up to Sri Lankan Rupees Three Billion (LKR 3,000,000,000/-) with the option to increase by a further Sri Lanka Rupees One Billion (LKR 1,000,000,000/-) and such debentures shall be listed on the Colombo Stock Exchange subject to in-principle approvals of the CSE being obtained.

**4. COVENANTS TO REPAY THE PRINCIPAL SUM AND INTEREST**

4.1

(a) The Company hereby covenants with the Trustee for the benefit of the Debenture Holders that it will:

(i) Pay on the Date of Redemption to Debenture Holders in accordance with the provisions of These Presents and upon receipt of the information relating to the Debenture Holders from the CDS, as of the Entitlement Date by crossed cheque marked "Account Payee Only" sent by ordinary mail to the Registered Addresses of the Debenture Holders or through SLIPS (Sri Lanka Inter Bank Payment Systems) transfer or a RTGS (Real Time Gross Settlement System) transfer the principal sum of the Debentures which ought to be redeemed and interest (if any) remaining unpaid up to the Date immediately preceding the Date of Redemption of the Debentures. RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers.

(ii) pay on each Interest Payment Date to the Debenture Holders in accordance with the provisions of These Presents and upon receipt of the information relating to the Debenture Holders from the CDS as of the Entitlement Date by crossed cheque marked "Account Payee only" sent by ordinary mail to the Registered Addresses of the Debenture Holders or through SLIPS transfer or RTGS transfer the interest for the Interest

Period on the Debentures for the time being outstanding at the Rate of Interest in accordance with the provisions of These Presents. RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers. The first interest payment will be made only by crossed cheques.

- (iii) the interest calculation shall be based upon the actual number of days in each Interest Period (actual/365).
  - (iv) the payment of the principal sum and interest shall be made in Sri Lankan Rupees after deducting any withholding tax and/or such other taxes and charges thereon, if applicable.
  - (v) Any payments shall be deemed to have been made on the Date of Redemption or the Interest Payment Date as the case may be if the cheques are dispatched not later than three (3) Market Days from such date or the SLIPS transfer or the RTGS transfer is made not later than three (3) Market Days from such date.
  - (vi) In the event of there being any delay in the redemption of the Debentures or the payment of interest thereon due to a default of the Bank, the Bank shall pay default interest at the Rate of Interest plus two per centum (2%) per annum from the Date of Redemption or the Interest Payment Date as the case may be.
- (b) The Debentures shall be redeemed in accordance with the provisions contained in These Presents on the Date of Redemption or on such earlier date in the Event of Default together with interest (if any) remaining unpaid therefore.
- (c) If any Debenture Holder fails or refuses to receive payment of the redemption monies payable to such Debenture Holder, or any part thereof within ninety (90) days from the Interest Payment Date or the Date of Redemption of the Debentures as the case may be, the amount due to him shall be transferred by the Company to a suspense account maintained separately with the Trustee at the end of ninety (90) days after Interest Payment Date or the Date of Redemption of the Debentures and shall be paid by the Company to the Debenture Holder when a claim is duly made and no interest will be payable by the Company on such interest and redemption monies for the period between Interest Payment Date or the Date of Redemption as the case may be and the date of the said payment unless the non-payment is due to a default on the part of the Company.

No person shall be entitled to claim any such redemption and/or interest payment after the completion of six (06) years from the Interest Payment Date or the Date of Redemption and all unclaimed monies shall cease to be owned and payable by the Company to any Debenture Holder after the said period of six (06) years and such monies will be returned to the Bank by the Trustee.

- (d) If any cheques for redemption and/or an interest payment sent by post to the Debenture Holders are returned to the Company undelivered, the amounts represented by each of such returned cheques shall also be transferred by the Company to the aforementioned suspense account maintained with the Trustee and retained therein for a period of six (06) years from the Interest Payment Date or the Date of Redemption of the Debentures. Such monies will be repaid to the Debenture Holders if the same is claimed in writing by such Debenture Holder within the said six (06) years period and no interest will be payable by the Company on such interest or redemption monies for the period between the Interest Payment Date or the Date of Redemption as the case may be and the date of the said payment.

No person shall be entitled to claim any such payment after the completion of six (06) years from the Interest Payment Date or the Date of Redemption and all unclaimed monies shall cease to be owned and payable by the Company to any Debenture Holder after the said period of six (06) years and such moneys will be returned to the Bank by the Trustee

- (e) The Company shall always act on the information furnished by the CDS and it shall be the responsibility of each such Debenture Holder to keep all the information in respect of such Debenture Holder updated. Each Debenture Holder shall absolve the Company from any responsibility or liability in respect of any error or absence of necessary change in the information recorded with the CDS. Provided further that the Debenture Holder shall absolve the CSE and the CDS from any responsibility or liability in respect of any error or absence of any necessary changes initiated or are attributable to the Debenture Holders.
- (f) The Company shall be entitled to make payment on redemption of all such Debentures on the Date of Redemption to such Debenture Holders without any request for claim from such Debenture Holders and such payment shall be deemed to be a payment duly made by the Company to the respective Debenture Holders in redemption of the Debentures of such Holders.

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- (g) In order to accommodate the Debenture interest cycles in the Automated Trading System (ATS) of the CSE, the Debenture Holders to whom interest shall be paid shall be those holding Debentures in the CDS as of the Entitlement Date.
- 4.2 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 with interest payable up to such date.
- 5. STAMP DUTY AND OTHER CHARGES (IF ANY)**
- The Company shall pay all charges, stamp duties and other similar duties or taxes (if any) payable on or in connection with (i) the issue of the Debentures and (ii) the execution of These Presents.
- 6. ELIGIBILITY TO APPLY FOR DEBENTURES**
- Applications for Debentures should be for a minimum of One Hundred (100) Debentures for the value of Sri Lankan Rupees Ten Thousand (LKR 10,000/-) and any application for excess of this figure should be in multiples of Sri Lankan Rupees Ten Thousand (LKR 10,000/-).
- 7. TRANSFER OF DEBENTURES**
- (a) These Debentures shall be freely transferable and the registration of such transfer shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.
- (b) The Debentures shall be transferable and transmittable through the CDS as long as the Debentures are listed in the CSE. Subject to the provisions contained herein the Company may register without assuming any liability any transfer of Debentures, which are in accordance with the statutory requirements and rules and regulations in force for the time being as laid down by the CSE, SEC and the CDS.
- (c) In the case of death of a Debenture Holder
- The survivor where the deceased was a joint holder; and
  - The executors or administrators of the deceased or where the administration of the estate of the deceased is in law not compulsory, the heirs of the deceased where such Debenture Holder was the sole or only surviving holder shall be the only persons recognized by the Company as having any title to his/her Debentures.

- (d) Any person becoming entitled to any Debenture in consequence of bankruptcy or winding up of any Debenture Holder, upon producing proper evidence that he/she/it sustains the character in respect of which he/she/it proposes to act or his/her title as the Board of Directors of the Company thinks sufficient may in the discretion of the Board be substituted and accordingly registered as a Debenture Holder in respect of such Debentures subject to the applicable laws rules and regulations of the Company, CDS, CSE and SEC.
- (e) No change of ownership in contravention to these conditions will be recognized by the Company.

**8. NON ISSUANCE OF CERTIFICATES AND REGISTRATION OF DEBENTURE HOLDERS**

- (a) In order to comply with the directives issued by the SEC, no certificates shall be issued by the Company to any Debenture Holder under any circumstance.
- (b) The Company shall not be bound to register more than Three (03) persons (including the Principal holder) as joint holders of any of the Debentures (except in the case of executors, administrators or heirs of a deceased member). The structure and the applicable conditions in respect of Debentures shall be as set out in the Prospectus and every Debenture shall be to the benefit of holder in the manner provided for by the Companies Act. No. 07 of 2007.

**9. COVENANT TO OBSERVE PROVISIONS OF THE TRUST DEED**

The Company hereby covenants with the Trustee to comply with the provisions contained herein and to perform and observe the same. It is expressly agreed between the Company and the Trustee that the Trustee shall not be liable for any loss or damage however caused by non-observance or non-compliance with the covenants contained in Clause 10 by the Company.

**10. COVENANTS BY THE COMPANY**

The Company hereby covenants with the Trustee for the benefit of the Debenture Holders that, so long as any of the Debentures remain outstanding

- (a) The Company shall at all times carry on and conduct its affairs in a proper and appropriate manner.
- (b) The Company shall at all times keep such books of accounts as it is obliged to keep under the applicable laws and (to the extent not prohibited by law or otherwise by virtue of any duty of confidentiality) at any time after an Event of Default shall have occurred or the Trustee shall have reasonable cause to believe that an Event of Default will occur, allow a reputed audit firm appointed by the Trustee in consultation with the Company free access to the