

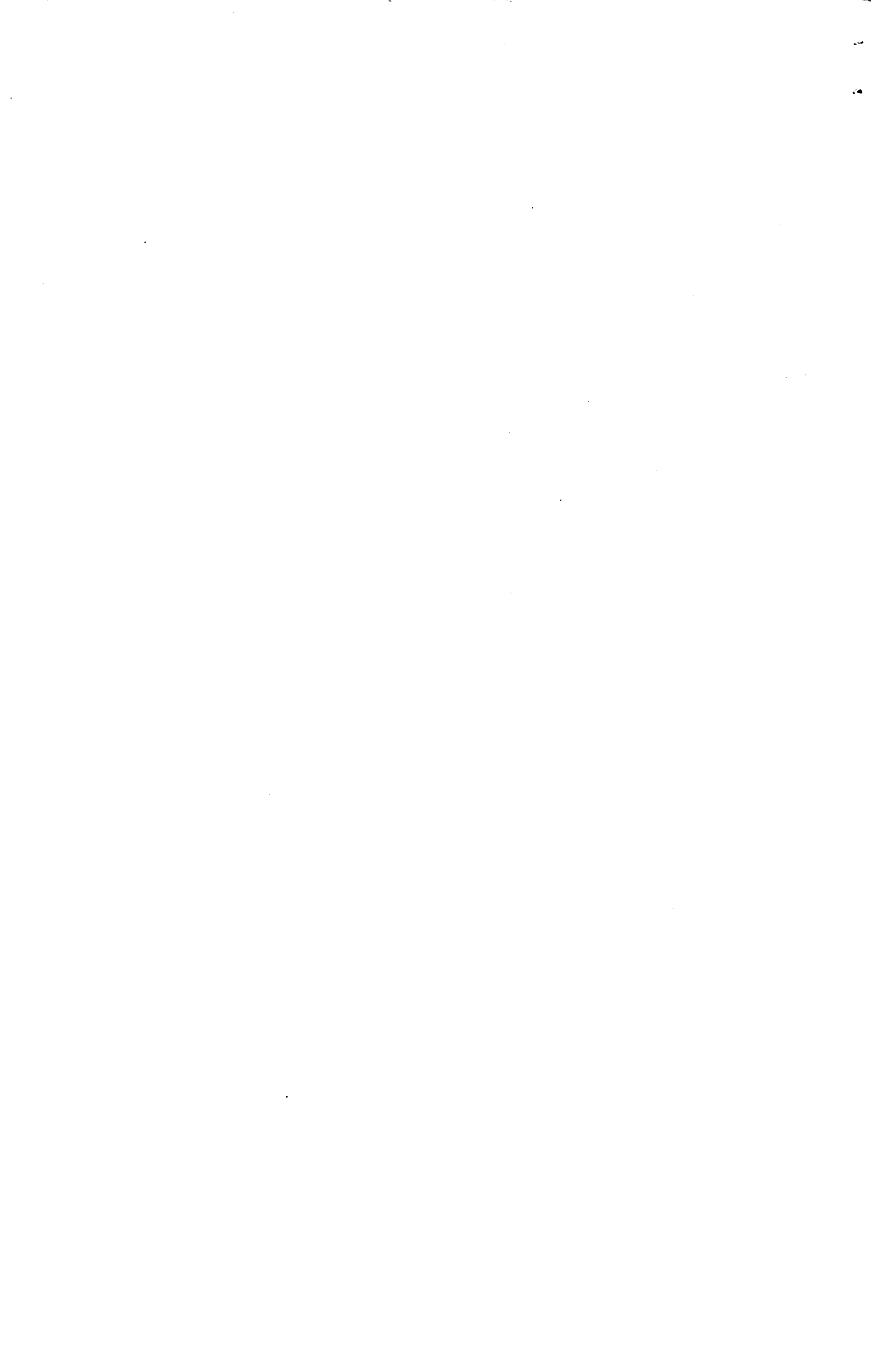
**TRUST DEED**

**FOR**

**FOR AN INITIAL PUBLIC ISSUE OF FIVE MILLION (5,000,000) DEBENTURES CONSTITUTED OF TYPE A RATED SUBORDINATED LISTED REDEEMABLE UNSECURED DEBENTURES 2019-2024 AND TYPE B RATED SUBORDINATED LISTED REDEEMABLE UNSECURED DEBENTURES 2019-2024 EACH OF THE PAR VALUE OF SRI LANKAN RUPEES ONE HUNDRED (LKR100/-) EACH BY CITIZENS DEVELOPMENT BUSINESS FINANCE PLC WITH AN OPTION TO ISSUE A FURTHER FIVE MILLION (5,000,000) OF THE SAID DEBENTURES IN THE EVENT OF AN OVERSUBSCRIPTION WITH A FURTHER OPTION TO ISSUE TWO MILLION FIVE HUNDRED THOUSAND (2,500,000) OF THE SAID DEBENTURES IN THE EVENT OF AN OVERSCRIPTION OF THE SECOND TRANCHE TO RAISE UPTO A MAXIMUM OF AMOUNT OF SRI LANKAN RUPEES ONE THOUSAND TWO HUNDRED AND FIFTY MILLION (LKR 1,250,000,000)**

**DATED 18<sup>TH</sup> NOVEMBER 2019**

*[Handwritten signatures]*



**TRUST DEED**

**FOR AN INITIAL PUBLIC ISSUE OF FIVE MILLION (5,000,000) DEBENTURES  
CONSTITUTED OF TYPE A RATED SUBORDINATED LISTED REDEEMABLE UNSECURED  
DEBENTURES 2019-2024 AND TYPE B RATED SUBORDINATED LISTED REDEEMABLE  
UNSECURED DEBENTURES 2019-2024 EACH OF THE PAR VALUE OF SRI LANKAN  
RUPEES ONE HUNDRED (LKR100/-) EACH BY CITIZENS DEVELOPMENT BUSINESS  
FINANCE PLC WITH AN OPTION TO ISSUE A FURTHER FIVE MILLION (5,000,000) OF THE  
SAID DEBENTURES IN THE EVENT OF AN OVERSUBSCRIPTION WITH A FURTHER  
OPTION TO ISSUE TWO MILLION FIVE HUNDRED THOUSAND (2,500,000) OF THE SAID  
DEBENTURES IN THE EVENT OF AN OVERSCRIPTION OF THE SECOND TRANCHE TO  
RAISE UPTO A MAXIMUM OF AMOUNT OF SRI LANKAN RUPEES  
ONE THOUSAND TWO HUNDRED AND FIFTY MILLION (LKR 1,250,000,000)**

This Trust Deed is made on this Eighteenth (18<sup>th</sup>) day of November Two Thousand and Nineteen

**BETWEEN**

**CITIZENS DEVELOPMENT BUSINESS FINANCE PLC**, a company duly incorporated under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No.7 of 2007 bearing registration number PB 232 PQ and having its registered office at No.123, Orabipasha Mawatha, Colombo 10 (hereinafter called "**the Company**") and which term or expression herein used shall where the context so requires or admits mean and include the said **CITIZENS DEVELOPMENT BUSINESS FINANCE PLC**, its successors and assigns) of the **ONE PART**;

**AND**

**HATTON NATIONAL BANK PLC**, a banking corporation duly incorporated under the Companies Ordinance No. 51 of 1938 and re- registered under the Companies Act No. 7 of 2007 bearing registration number PQ 82 and having its registered office at No.479, T.B. Jayah Mawatha, Colombo 10 (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 **HATTON NATIONAL BANK PLC**, 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 23<sup>rd</sup> September 2019 of its Board of Directors to raise a sum not exceeding Sri Lankan Rupees One Thousand Two Hundred and Fifty Million (LKR 1,250,000,000/-) by the issue of Type A Rated Subordinated Listed Redeemable Unsecured Debentures 2019-2024 and Type B Rated Subordinated Listed Redeemable Unsecured Debentures 2019-2024 each of the par value of Sri Lankan Rupees One Hundred (LKR 100/-) 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 '[SL] BBB (Negative)' from ICRA Lanka Limited;
- The Trustee being duly qualified to act as Trustee under the Securities and Exchange Commission Act No. 36 of 1987 (as amended) 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. **“CENTRAL DEPOSITORY or CDS”** means the Central Depository System (Private) Limited.
  2. **“CSE”** means the Colombo Stock Exchange.
  3. **“CERTIFICATE”** means any certificate required to be 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 a certificate.
  4. **“DATE OF ALLOTMENT”** means the date on which the Debentures will be allotted to the Debenture Holders which date will be notified to the Debenture Holders.
  5. **“DATE OF REDEMPTION”** shall mean Five (05) years from the Date of Allotment 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.
  6. **“DEBENTURES”** shall mean
    - i) Type A: Rated Subordinated Listed Redeemable Unsecured Debentures 2019-2024 of the par value of Sri Lanka Rupees One Hundred (LKR100/-) each, bearing interest at a fixed rate of Thirteen decimal Four Three per centum (13.43%) 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;
    - ii) Type B: Rated Subordinated Listed Redeemable Unsecured Debentures 2019-2024 of the par value of Sri Lanka Rupees One Hundred (LKR100/-) each, bearing interest at a fixed rate of Thirteen decimal Eight Eight per centum (13.88%) per annum payable annually on each Interest Payment Date from the Date of Allotment of the Debentures until the date immediately preceding the Date of Redemption.
  7. **“DEBENTURE HOLDERS”** mean the Holders of the Debentures in whose CDS account the Debentures are lodged as at the relevant date.
  8. **“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.
  9. **“EVENT OF DEFAULT”** means any event set out in Clause 10.
  10. **“EXTRAORDINARY RESOLUTION”** means a resolution passed by the holders of not less than three fourth ( $\frac{3}{4}$ ) in value of the Debenture Holders present and voting on such resolution.

11. **“INTEREST PAYMENT DATE”** in respect of
- i) Type A: means the dates on which payments of interest in respect of Type A Debentures shall fall due, which shall be the date six (06) months from the Date of Allotment and every date six (06) months therefrom of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption;
  - ii) Type B: means the dates on which the payments of interest in respect of the Type B Debentures shall fall due which shall be the twelve (12) months from the Date of Allotment and every twelve (12) months therefrom of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.
12. **“INTEREST PERIOD”** in respect of
- i) Type A: means the six (06) month period from the date immediately succeeding a particular Interest Payment Date and ending on the next Interest Payment Date (inclusive of the aforementioned commencement date and end date) and shall include the period commencing from the Date of Allotment and ending on the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from the date immediately succeeding the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date);
  - ii) Type B: means the twelve (12) month period from the date immediately succeeding a particular Interest Payment Date and ending on the next Interest Payment Date (inclusive of the aforementioned commencement date and end date) and shall include the period commencing from the Date of Allotment and ending on the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from the date immediately succeeding the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date).
13. **“LISTED”** means tradable on the Colombo Stock Exchange.
14. **“MARKET DAY”** means a day on which trading takes place at the Colombo Stock Exchange.
15. **“PROSPECTUS”** means a prospectus prepared in accordance with the Companies Act No. 7 of 2007 and the Rules of the Colombo Stock Exchange and delivered to the Registrar of Companies in terms thereof.
16. **“RATE OF INTEREST”** means with respect to:
- Type A: A fixed rate of Thirteen decimal Four Three per centum (13.43%) per annum (AER: 13.88%);
  - Type B: A fixed rate of Thirteen decimal Eight Eight per centum (13.88%) per annum (AER: 13.88%).
17. **“RESOLUTION”** means a Resolution passed by the Debenture Holders in terms of Clause 20 unless otherwise provided for.
18. **“REGISTERED ADDRESS”** when used in relation to a Debenture Holder means the address provided by the Debenture Holder to the CDS.

19. **“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.
20. **“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).
21. **“SRI LANKAN RUPEES”** and the sign **“LKR”** mean the lawful currency of the Republic of Sri Lanka.
22. **“SUBORDINATED”** means the claims of the Debenture Holders shall in the event of winding up of the Company rank after all the claims of secured and other unsecured creditors of the Company and any preferential claims under any Statutes governing the Company but *pari passu* to the claims of subordinated creditors of the Company and shall rank in priority to and over the claims and rights of the ordinary and preference shareholder/s of the Company.
23. **“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.
24. **“TRUST DEED”** means These Presents 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.
25. **“TRUSTEE”** means **HATTON NATIONAL BANK PLC**, a banking corporation duly incorporated under the Companies Ordinance No. 51 of 1938 and re-registered under the Companies Act No. 7 of 2007, or its successors or assigns.
26. **“WORKING DAY”** means any day (other than a Saturday or Sunday or any statutory holiday) on which licensed commercial banks are open for business in Sri Lanka.

(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) Value Added Tax, Turnover Tax or similar tax charged or chargeable in respect thereof.
- (iv) a month shall be a reference to the time from any day of one calendar month to the corresponding day of the next calendar month.

(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 agree to act under the provisions of this Trust Deed as the Trustee.

## 3. AMOUNT OF THE DEBENTURE ISSUE AND ALLOTMENT OF DEBENTURES

Debentures will be issued by the Company to raise a sum of up to Sri Lankan Rupees Five Hundred Million (LKR 500,000,000/-) with an option to raise a further Sri Lankan Rupees Five Hundred Million (LKR 500,000,000/-) and with a further option to raise a further Sri Lankan Rupees Two Hundred and Fifty Million (LKR 250,000,000/-) to raise an aggregate sum of up to Sri Lankan Rupees One Thousand Two Hundred and Fifty Million (LKR 1,250,000,000/-) in the event of an oversubscription and the 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 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 either through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka such as SLIPS (Sri Lanka Interbank Payments System) and RTGS (Real Time Gross Settlement System) in the event accurate bank account details of the Debenture Holders are provided to the CDS to effect such transfers; or by cheque/s marked "Account Payee Only" sent by ordinary mail to the addresses provided by the Debenture Holders to the CDS, at the risk of the Debenture Holders, if bank account details are not provided to the CDS or the bank account details provided to the CDS are inaccurate 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 applicable 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 either through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka such as SLIPS and RTGS, in the event accurate bank account details of the Debenture Holders are provided to the CDS to effect such transfers; or by cheque/s marked "Account Payee Only" sent by ordinary mail to the addresses provided by the Debenture Holders to the CDS, at the risk of the Debenture Holders, if bank account details are not provided to the CDS or the bank account details provided to the CDS are inaccurate the interest 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.

- (iii) the interest calculation shall be based upon the actual number of days in each Interest Period (actual/actual).
  - (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 in terms of the law prevailing at the time of payment .
  - (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 (03) Working Days from such date or the SLIPS transfer or the RTGS transfer is made not later than three (03) Working 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 by the Company, the Company 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 together with interest (if any) remaining unpaid thereon.
- (c) If any Debenture Holder fails or refuses to receive payment of the interest or 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 the Interest Payment Date or the Date of Redemption of the Debentures and shall be paid by the Company to the Debentures Holder when a claim is duly made 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 unless the nonpayment is due to a default on the part of the Company.

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 owed 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 Company 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 redemption and/or interest payment after the completion of six (06) years from the Interest Payment Date or the Date