

TRUST DEED

FOR

A PUBLIC ISSUE OF THIRTY MILLION (30,000,000) LISTED UNSECURED SUBORDINATED RATED REDEEMABLE DEBENTURES WITH AN OPTION TO ISSUE UPTO A FURTHER TWENTY MILLION (20,000,000) AT THE DISCRETION OF THE BANK IN THE EVENT OF AN OVERSUBSCRIPTION AND IN SUCH EVENT THE MAXIMUM ISSUE TOTALING TO FIFTY MILLION (50,000,000) DEBENTURES OF THE PAR VALUE OF SRI LANKAN RUPEES ONE HUNDRED (LKR 100/-) EACH BY SEYLAN BANK PLC

THIS TRUST DEED is made on this thirteenth (13th) day of June, Two Thousand and Sixteen (2016).

BETWEEN

SEYLAN 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.7 of 2007 with Company Registration No.PQ 9 in the Democratic Socialist Republic of Sri Lanka and having its Registered Office and Head Office at Seylan Towers, No. 90 Galle Road, Colombo 03 (hereinafter referred to as the "Issuer" which term or expression as herein used shall where the context so requires or admits mean and include the said **SEYLAN BANK PLC** its successors and assigns) of the ONE PART.

AND

BANK OF CEYLON, a Banking Corporation established under the Bank of Ceylon Ordinance (Cap 397) and having its Head Office at 'BOC Square', No. 01 Bank of Ceylon Mawatha, Colombo 1 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 **BANK OF CEYLON** its successors and assigns) of the OTHER PART;

WHEREAS

- PURSUANT to Resolution passed on 19th April 2016 by its Board of Directors, the Issuer is empowered to raise a sum not exceeding Sri Lankan Rupees Three Thousand Million (LKR 3,000,000,000/-) with the option to raise a further Sri Lankan Rupees Two Thousand Million (LKR 2,000,000,000/-) by the issue of **Listed Unsecured, Subordinated Rated Redeemable Debentures** (hereinafter referred to as the "Debentures") for that amount, having a tenure and bearing interest at the rates hereinafter mentioned and be listed on the Colombo Stock Exchange;
- THE DEBENTURES shall be constituted in the manner and upon the terms and conditions hereinafter contained;
- THE ISSUER has obtained an instrument rating of "BBB+ (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) 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 executed/attested/signed on behalf of the Issuer by any two Directors, or a Director and the Company Secretary under the Common Seal of Seylan Bank PLC (Issuer).
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" / "DATE OF MATURITY"** means the date on which principal monies are repayable on the Debentures or such earlier date on which the Debentures may become redeemable in accordance with these presents and the conditions set out in the Prospectus pertaining to the Debentures or such later date on which the Debentures may be redeemable in the circumstances set out in Clause 4.
6. **"DEBENTURES"** shall mean the Thirty Million **Listed, Unsecured, Subordinated Rated Redeemable Debentures** ("Debentures") to be issued and allotted by Seylan Bank PLC (the Issuer) in terms of the Prospectus of the Issue at an issue price of Sri Lankan Rupees One Hundred (LKR 100/-) per Debenture to raise a sum up to the aggregate value of Sri Lankan Rupees Three Thousand Million (LKR 3,000,000,000/-) categorized as Types A, B and C as described below with an option to issue and allot a further Twenty Million Debentures aggregating to a value of Sri Lankan Rupees Two Thousand Million (LKR 2,000,000,000/-). These Debentures shall rank equal and *pari passu* in all respects except for the rate of interest and the tenure.

Type A: The Debentures will carry a Fixed Coupon Rate of 13.00% p.a. payable semi-annually, from the date of allotment until the expiry of 5 years from the date of allotment on the principal sum of the Debentures. (AER - 13.42%)

Type B: The Debentures will carry a Floating Coupon Rate of 6-months Treasury bill rate (gross) + 150 basis points (1.5%) per annum payable semi-annually, from the date of allotment until the expiry of 5 years from the date of allotment on the principal sum of the Debentures.

Type C: The Debentures will carry a Fixed Coupon Rate of 13.75% p.a. payable semi-annually, from the date of allotment until the expiry of 7 years from the date of allotment on the principal sum of the Debentures. (AER - 14.22%)
7. **"DEBENTURE HOLDERS"** mean the holders of the Debentures to whom the Debentures will be allotted and also the holders in whose CDS accounts 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 Issuer in order to qualify for the payment of interest or redemption proceeds.
9. **"EVENT OF DEFAULT"** means any event set out in Clause 10.1
10. **"EXTRAORDINARY RESOLUTION"** means a resolution passed by the holders of not less than three fourth (3/4) in value of the Debentures voting on such resolution.
11. **"INTEREST PAYMENT DATE"** means, the dates on which the interest payment shall fall due in respect of the Debentures, being semi-annually at the expiration of every six (06) month period commencing from the Date of Allotment of the Debentures, and thereafter until the Date of Redemption and includes the Date of Redemption. Interest would be paid within three (03) market days from each interest payment date (Excluding such interest payment date).
12. **"INTEREST PERIOD"** The six (6) month period from the date immediately succeeding a particular Interest Payment Date and ending on the next Interest Payment Date (inclusive of the said commencement date and end date) and shall include with respect to the first Interest Period the period commencing from the Date of Allotment and ending on the first Interest Payment Date (inclusive of the said commencement date and end date) and with respect to the final Interest Period 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 that the Debentures allotted by the Issuer being listed on the Colombo Stock Exchange (CSE) with the approval of the CSE and hence tradable on the CSE.
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 in accordance with the Rules of the Colombo Stock Exchange by the Issuer.
16. **"RATE OF INTEREST"** means in respect of;

Options	Description
Type A	A Fixed Coupon Rate of 13.00% per annum (AER 13.42%) payable semi annually from the Date of Allotment until maturity in 5 years.
Type B	A floating Coupon Rate of 6-months Treasury bill rate (gross) + 150 basis points (1.5%) per annum payable semi annually from the Date of Allotment until maturity in 5 years.
Type C	A Fixed Coupon Rate of 13.75% per annum (AER 14.22%) payable semi annually from the Date of Allotment until maturity in 7 years.

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 Issuer.
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. **"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.
23. **"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.
24. **"TRUSTEE"** means Bank of Ceylon, a Banking Corporation established under the Bank of Ceylon Ordinance (Cap 397) and a Licensed Commercial Bank under the Banking Act No. 30 of 1988 (or its successors or assigns) and duly recognized by the SEC and the CSE to perform the role thus meeting all regulatory requirements pertaining to the same.

(b) Words...../

CEYLON BANKING

 DIRECTOR

FOR BANK OF CEYLON


 Director

- (b) Words denoting or importing the singular number shall include the plural number and vice versa and words denoting or importing the masculine gender shall include the feminine gender and shall include corporate and unincorporated bodies of persons.
- (c) In these presents references to:
1. 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 thereunder or under such modifications or re-enactment.
 2. Principal and/or interest in respect of the Debentures or to any monies payable by the Issuer 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.
 3. 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.
- (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

Debentures will be issued by the Issuer to raise a sum up to Sri Lankan Rupees Three Thousand Million (LKR 3,000,000,000/-) with an option to increase upto a further Sri Lankan Rupees Two Thousand Million (LKR 2,000,000,000/-) and such Debentures shall be listed on the Colombo Stock Exchange subject to in-principle approval of the CSE being obtained.

4. COVENANTS TO REPAY THE PRINCIPAL SUM AND INTEREST

(a) The Issuer hereby covenants with the Trustee for the benefit of the Debenture holders as follows :

1. 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 the principal sum of the Debentures which ought to be redeemed and final interest due up to the date of entitlement by separate crossed cheques marked "Account Payee only" sent by ordinary mail to the registered addresses of the Debenture holders due not later than three (3) Market Days from such date.
2. 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 to their bank accounts as per the instructions issued by them to the CDS not later than three (3) Market Days from such date. If the entitlement date is a holiday, interest shall be calculated including the entitlement date.

3. That the interest calculation shall be based upon the actual number of days in each Interest Period (actual/actual).
 4. That 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.
 5. That 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 RTGS transfer is made not later than three (3) Market Days from such date. Where accurate information of bank accounts of the Debenture holders is available on the CDS, cheques in respect of interest shall be forwarded to the respective bank accounts.
 6. Where prior arrangements are made by Debenture holders, RTGS electronic fund transfer mechanism recognized by the banking system of Sri Lanka (arranged only at the expense of the investor) may be used for payment of principal and interest. RTGS transfers however, shall be accommodated only for amounts over and above the maximum value that can be accommodated via cheque payments.
- (b) That 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 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 Issuer to a suspense account 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 Issuer to the Debenture holder when a claim is duly made and no interest will be payable by the Issuer 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 non-payment is due to a default on the part of the Issuer.
- (d) 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 Issuer to any Debenture holder after the said period of six (06) years.
- (e) If any cheques for redemption and/or an interest payment sent by post to the Debenture holders are returned to the Issuer undelivered, the amounts represented by each of such returned cheques shall also be transferred by the Issuer to the aforementioned suspense account 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 Issuer 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.
- (f) 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 owed and payable by the Issuer to any Debenture holder after the said period of six (06) years.

- (g) The Issuer 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 Issuer from any responsibility or liability in respect of any error or absence of necessary changes 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 necessary changes in the information recorded with the CDS where such errors or absence of changes are initiated or are attributable to the Debenture holders.
- (h) The Issuer 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 Issuer to the respective Debenture holders in redemption of the Debentures of such holders.
- (i) 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.
- (j) If the date of maturity / redemption falls on a non-working day on which the Banks are closed for business in Sri Lanka or on a day which is not a Market Day, then the date of redemption shall be the immediately succeeding Market Day of maturity / redemption and redemption shall be made together with interest until the last date of the final interest payment period.

5. STAMP DUTY AND OTHER CHARGES (IF ANY)

The Issuer 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

Applicants who are eligible for the subscription of the above said Debentures are as follows:

- Citizens of Sri Lanka, who are resident in Sri Lanka and above eighteen (18) years of age.
- Corporate bodies (companies, corporations, institutions) registered/ incorporated /established in Sri Lanka and authorized to invest in debentures.
- Approved provident funds and contributory pension schemes registered/incorporated established in Sri Lanka and authorized to invest in debentures. In the case of approved provident funds and approved contributory pension schemes, the application should be in the name/s of the trustee/s /member/s of the Board of Management in order to facilitate the opening of the CDS Account.
- Statutory bodies and Government Corporations of Sri Lanka.

- Approved Unit Trusts licensed by the Securities and Exchange Commission (SEC).
- Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas).
- Global, regional and country funds approved by the SEC
- Non residents: foreign institutional investors, corporate bodies, incorporated or established outside Sri Lanka and individuals and Sri Lankans resident outside Sri Lanka above eighteen (18) years of age.
- 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/-).

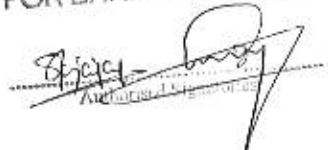
7. TRANSFER OF DEBENTURES

- (a) 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 Issuer 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 Debentures shall be transferred to
 - (i) the survivor in the case of joint debenture holder
 - (ii) the estate or to the legal heirs of the deceased debenture holder or anyone holding a certificate of heir ship of the deceased debenture holder.

(d) Any...../


 DIRECTOR

FOR BANK OF CEYLON


 Director

- (d) Any person becoming entitled to any Debentures in consequence of death or bankruptcy or winding up of any Debenture holder or of the survivors of a joint debenture holder may upon producing such evidence or legal title to the Debentures be substituted and accordingly be registered as a Debenture holder in respect of such Debentures subject to the applicable laws, rules and regulations of the Issuer, CDS, CSE and SEC.
- (e) No change of ownership in contravention to these conditions will be recognized by the Issuer.

8. COVENANT TO OBSERVE PROVISIONS OF THE TRUST DEED

The Issuer 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 Issuer 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 9 by the Issuer.

9. COVENANTS BY THE ISSUER

The Issuer hereby covenants with the Trustee for the benefit of the Debenture holders that, so long as any of the Debentures remain outstanding;

- (a) the Issuer shall at all times carry on and conduct its affairs in a proper and appropriate manner.
- (b) The Issuer 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 Issuer free access to the same at all times during working hours and to discuss the same with the directors and officers of the Issuer, provided however that the Trustee and the audit firm shall, to the extent legally permitted, maintain confidentiality in respect of all the matters relating to the Issuer and its business and shall not use any information they acquire pursuant to these provisions for any other purpose.
- (c) The Issuer shall issue a Certificate in writing to the Trustee;
 - (i) within five (5) Market days from each Interest Payment Date, certifying that the interest on the Debentures has been paid to the Debenture Holders in terms of Clause 4;
 - (ii) within five (5) Market days from the Date of Redemption certifying that the principal amount has been paid to the Debenture Holders in terms of Clause 4.
- (d) The Issuer shall issue to the Trustee such certificates and provide such information as the Trustee may require in order to carry out its duties and obligations in terms of these presents provided such certificates can be issued or such information can be provided by the Issuer without committing any breach of its duty of confidentiality to any person or entity.
- (e) The Issuer shall submit to the Trustee within one (01) month from the end of every calendar quarter from the date of allotment a certificate which is dated in accordance with a resolution of its Board of Directors that the Issuer has complied with each and all of the covenants including those contained in this Clause 9 in these presents and the certification should include:

- (i) Whether any material trading or capital loss has been sustained by the Issuer;
 - (ii) Whether or not any circumstances materially affecting the Issuer has occurred which adversely affects the Debenture Holders;
 - (iii) Whether or not any contingent liability has matured or is likely to mature within the next twelve (12) months, which will materially affect the ability of the Issuer to repay the Debentures;
 - (iv) Whether the Issuer has any contingent liabilities and if so the amount of such liabilities;
 - (v) Whether the Issuer has assumed a liability of a related corporate body during the preceding calendar quarter, the extent of the liability assumed during the quarter and the extent of the liability at the end of the quarter;
 - (vi) Whether or not there has been any change in any accounting method or method of valuation of assets or liabilities of the Issuer;
 - (vii) Whether or not any circumstances have arisen which render adherence to the existing method of valuation of assets or liabilities of the Issuer inappropriate;
 - (viii) Whether or not there has been any substantial change in the nature of the Issuer's business since the issue of the Debentures;
 - (ix) Whether or not the Issuer has observed and performed all the covenants and obligations binding upon them respectively pursuant to the Trust Deed;
 - (x) Whether or not any limitation of liabilities or borrowing as prescribed in the Articles of Association of the Applicant Entity has been exceeded.
 - (xi) Whether or not any action has been taken by the Board of Directors of the entity in terms of Section 219 and 220 of the Companies Act No.2007 during the quarter.
- (f) The Issuer shall keep a record of the number of Debentures which have been issued and, the date of such issue and the persons to whom such Debentures were issued, provided however that the Issuer shall after the listing of the Debentures on the CSE be entitled to treat the records maintained by the CDS as an accurate record of the Debenture holders and the number and value of the Debentures held by each Debenture holder.
- (g) The Issuer shall permit the Trustee and the Debenture holders at all reasonable times without payment of any fee to inspect any records maintained by the Issuer referred to in Clause 9(f) above and to take copies thereof.
- (h) The Issuer shall forthwith upon the Issuer becoming aware of the happening of any and every such event as is mentioned in Clause 10.1 hereof give notice thereof in writing to the Trustee provided that the Issuer shall in any event issue a Certificate to the Trustee within thirty (30) days from the end of every semi-annual period commencing from the date of allotment of the Debentures certifying that no event mentioned in paragraphs (c) and (d) of Clause 10.1 hereof has occurred during the previous six (06) month period which would have resulted in the Debentures becoming payable in terms of the said Clause 10.1.

- (i) The Issuer shall make available the Trust Deed in full on the Issuer's web site and CSE's web site until the Date of Redemption and shall make available to any Debenture holder on request a certified copy of the Trust Deed upon payment of a fee of LKR 100/-.
- (j) The Issuer shall send to the Trustee and the CSE and publish on its web site, no later than forty five (45) days from the end of the first, second and third quarters and sixty (60) days from the end of the fourth quarter of its financial year an interim financial statement prepared on a quarterly basis.
- (k) The Issuer shall send the Trustee all published financial information, which is normally provided to ordinary shareholders at the same time that it is sent to the shareholders.
- (l) The Issuer shall reimburse all reasonable expenses incurred by the Debenture holders/Trustee after an event of default has occurred in connection with:
 - (i) preservation of the Issuer's assets (whether then or thereafter existing)
 - (ii) collection of amounts due under this Trust Deed.All such sums shall be reimbursed by the Issuer within thirty (30) days from the date of notice of demand from the Debenture holders or the Trustee.
- (m) The Issuer shall immediately notify the Trustee in the event that the Issuer becomes aware of the occurrence of any of the following events that has caused or could cause:
 - (i) Any amount payable under the Debenture to become immediately payable;
 - (ii) Any event which in the opinion of the Issuer that could lead to the acceleration of either the payment of interest or redemption of the Debentures.
 - (iii) Any other right or remedy under the terms and conditions of the Debentures or the provisions or covenants of the Trust Deed to become immediately enforceable.
- (n) In the event that the Issuer creates a charge, the Issuer shall submit to the Trustee the written details of the charge within twenty one (21) days after it is created and if the amount to be advanced on the security of the charge is indeterminate, the Issuer shall submit to the Trustee the written details of the amount of each claim, within five (5) days from the date the claim is made.
- (o) The Issuer shall at all times maintain records of all its published information and make them available for inspection by the Trustee and Debenture Holders.
- (p) The Issuer shall not declare or pay any dividend to its shareholders during any financial year unless it has paid all principal sums and interest payments that have become due and payable to the Debenture Holders as at the date on which the dividend is proposed to be declared or paid or has made satisfactory provisions therefor.
- (q) In the event the Issuer is amalgamated and the Issuer is not the surviving entity, the assets and liabilities of the Issuer shall become the assets and liabilities of the amalgamated /continuing entity. The Debentures shall continue to trade under the same "ID/Debt Description" (i.e. SEYB) even if the Issuer is not the surviving entity. However, the Debentures issued under these presents shall continue as Debentures of the amalgamated/continuing entity until maturity. The Debentures shall continue to be listed and the amalgamated entity shall meet all regulatory requirements of the CSE to enable the same.

10. EVENTS OF DEFAULT

10.1 The Debentures shall become immediately payable at the option of the Trustee on the occurrence of any of the following events:

- (a) If the Issuer defaults on the payment of the principal sum or any interest due on the whole or any part of the Debentures in accordance with the provisions contained in these presents.
- (b) If the Debentures cease to be listed in the CSE at any time between the time of listing and the Date of Redemption, due to any default on the part of the Issuer.
- (c) If the Issuer stops or threatens to stop payment of its debts or ceases to carry on its business, which may lead to the winding up of the Issuer.
- (d) If any liquidation, bankruptcy, insolvency, receivership or similar action or proceeding is commenced against the Issuer or an order shall be made or an effective resolution shall be passed for the winding up of the Issuer.
- (e) If the Issuer does not submit a certificate to the Trustee as set out in Clause 9 (c), Clause 9 (e) or Clause 9 (h).

If the Issuer commits a breach of any of the other covenants or provisions herein contained and on its part to be observed and performed provided however that the Trustee shall give the Issuer up to thirty (30) days' notice before declaring such breach to be an event of default.

- (g) Where any other indebtedness of the Issuer becomes due and payable prior to its stated maturity or where security created for any other indebtedness becomes enforceable.
- (h) Where there is revocation, withholding or modification of a license, authorization or approval that impairs or prejudices the Issuer's ability to comply with the terms and conditions of the Debentures or the provisions of the Trust Deed or any other document relating to the issue, offer or invitation in respect of the Debentures.
- (i) Where any mortgage, charge, pledge, lien or other encumbrance present or future is created or assumed by the Issuer contrary to the terms or conditions of the Debentures and the provisions of the Trust Deed.

10.2.Repayment...../


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DIRECTOR

FOR BANK OF CEYLON


.....
Authorised Signatory

of 2

- 10.2 Repayment before the maturity of the principal sum on the Debentures in any circumstance shall be subject to the prior approval of the Director of Bank Supervision of the Central Bank of Sri Lanka and subject to the approval of Debenture holders of 3/4th of the nominal value of the Debentures outstanding at that time at a price mutually agreed between the Issuer and the Debenture holders.

11. ENFORCEMENT OF OBLIGATIONS

At any time after the Debentures shall have become repayable on redemption or otherwise under any provision of These presents, and the Issuer has failed and/or neglected to repay and/or redeem the same within the stipulated time period, the Trustee may upon the Issuer's continuous failure and/or negligence to repay and/or redeem the Debentures despite such notice, at its discretion, or upon the request in writing of the Debenture Holders of at least one fifth (1/5) of the nominal value of the Debentures outstanding, and in the event that there is no Trustee, the Debenture Holders pursuant to an Extraordinary Resolution and subject to fourteen (14) days prior written notice to the Issuer, institute such proceedings as they think fit to enforce repayment and other obligations of the Issuer under these presents.

12. APPLICATION OF MONIES RECEIVED BY THE TRUSTEE

In the event of the Trustee recovering or receiving any monies from the Issuer consequent to any action taken by the Trustee against the Issuer the Trustee shall apply such monies;

- (a) in the first place in paying or providing for the payment or satisfaction of the costs charges expenses and liabilities incurred in or about the execution of the trust constituted by these presents (including remuneration of the Trustee);
- (b) secondly, in or towards payment to the Debenture Holders of all arrears of interest remaining unpaid on the Debentures held by them respectively;
- (c) thirdly in or towards payment to the Debenture Holders of all principal monies due in respect of the Debentures held by them respectively; and
- (d) finally, the Trustee shall pay the surplus (if any) of such monies to the Issuer or its assigns, provided that at the discretion of the Trustee payments may be made on account of principal monies before any part of the interest or the whole of the interest on the Debentures have been paid but such alteration in the order of payment of the principal monies and interest shall not prejudice the right of the Debenture Holders to receive the full amount to which they would have been entitled if the ordinary order of payment had been observed. Any payment to the Debenture Holders under this clause shall be made *pari passu* in proportion to the Debentures held by them respectively.

13. MANNER OF PAYMENT AND ENFORCEMENT OF DEBENTURES

- 13.1 Any payment to be made in respect of the Debentures by the Issuer or the Trustee may be made in the manner provided in this Trust Deed and any payments so made shall be a good discharge *pro tanto* to the Issuer or the Trustee, as the case may be. Any payment of interest in respect of a Debenture shall extinguish any claim which may arise directly or indirectly in respect of such interest from a Debenture Holder.

Upon any payment under the provisions of this Clause 13 of the Trust Deed in respect of which such payment is made in full shall be cancelled and the Trustee shall certify or procure the certification of such cancellation.

- 13.2 The Debenture holders shall not have any right or option to call for redemption of the Debentures before the Date of Redemption of such Debentures, except in the circumstances where the Debentures have become immediately payable in terms of Clause 10 (Events of Default) of the Trust Deed.
- 13.3 Any voluntary prepayment before the date of redemption of the principal sum on the Debentures in any circumstance shall be subject to the prior written approval from the Director Bank Supervision of the Central Bank of Sri Lanka and the approval of the holders of 3/4th of the nominal value of the Debentures outstanding at that time.

Notwithstanding anything in the foregoing, the Issuer shall not effect an early redemption of a part of the Debentures only.

14. REMUNERATION OF THE TRUSTEE

The Issuer shall pay the Trustee during the continuation of these presents a sum of Sri Lankan Rupees Two Hundred and Seventy Thousand per annum (LKR 270,000/-) payable in semi-annual installments of Sri Lankan Rupees One Hundred and Thirty Five Thousand (LKR 135,000/-) exclusive of government taxes and levies on account of remuneration for the Trustee for its services under these presents. Further, the Trustee shall be entitled to the reimbursement of all reasonable costs, charges and expenses which the Trustees may incur in relation to the exercise of its duties hereunder from and out of the funds lying to the credit of the Trust hereby created, upon the submission by the Trustee of a certified claim for reimbursement with all incurred costs duly itemized and supported by invoices, payment vouchers and receipts or other documentation supporting the relevant incurred cost, subject to a maximum amount of Sri Lankan Rupees one Hundred Thousand (LKR 100,000/-) or such other maximum amount as may be mutually agreed upon between the Issuer and the Trustee.

15. GENERAL POWERS AND DUTIES OF THE TRUSTEE

- 15.1 Without prejudice to the powers and reliefs conferred on Trustees by these presents or by the laws relating to the Trusts or any other applicable law the Trustee shall have the following powers:-
- (a) The Trustee may in relation to these presents act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (whether obtained by the Trustee or the Issuer) and shall not be responsible for any loss occasioned by acting on any such opinion, advice, certificate or information and that the Trustee shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same shall contain some error as long as the Trustee has acted in good faith with professional diligence.
- (b) The Trustee shall as regards all the trusts, powers, authorities and discretion vested in it by these presents or by operation of law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and the Trustee shall not be responsible for any loss, costs, damages, expenses or inconvenience that may result from the exercise or non exercise thereof but where the Trustee is under the provisions of these presents bound to act at the request or direction of the Debenture Holders the Trustee shall nevertheless not be bound unless first indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing.

- (c) To summon any meeting of the Debenture Holders in accordance with the provisions of Clause 20 hereof.
- (d) In case of default by the Issuer, the Trustee may but shall not be bound unless directed either by an instrument in writing signed by the Debenture Holders of at least Seventy Five per centum (75%) of the nominal value of the Debentures for the time being outstanding or in accordance with an Extraordinary Resolution passed by the Debenture Holders in accordance with Clause 20 of these presents, to waive such terms and conditions as they shall deem expedient any of the covenants and provisions contained in these presents on the part of the Issuer to be performed and observed.
- (e) The Trustee as between itself and the Debenture Holders shall have full power to determine all questions and doubts arising in relation to any of the provisions of these presents and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee.
- (f) The Trustee may, in the conduct of the trusts of these presents, instead of acting through its staff, employ and pay a professional person with the prior written approval of the Issuer, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee. Any expense incurred by such employment of a professional person shall not be charged as an expense to the Issuer.
- (g) The Trustee shall not be liable to the Issuer or any Debenture Holder by reason of having recognized or treated as a Debenture Holder any person subsequently found not to be so entitled to be recognized or treated.
- (h) Whenever in these presents the Trustee is required in connection with any exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Debenture Holders, it shall have regard to the interests of the Debenture Holders as a class and in particular, but without prejudice to the generality of the foregoing, shall not be obliged to have regard to the consequences of such exercise for any individual Debenture Holders resulting from his or its being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.
- (i) The Trustee may, accept a Certificate certifying that all Debentures have been redeemed or relating to any other matter primarily in the knowledge of the Issuer as sufficient evidence thereof and such Certificate shall be a complete protection to the Trustee who acts thereon.

15.2 The Trustee shall give notice to the Debenture holders in writing:

- (a) when the Trustee is notified by the Issuer of any occurrence mentioned in Clause 10.1 or any condition of the Trust Deed which cannot be fulfilled;
- (b) when the Issuer fails to deliver the Certificate referred to in Clause 9(e) of these presents;
- (c) as soon as practicable if the Issuer fails to remedy any breach of terms and conditions of the Debentures or the provisions/covenants of the Trust Deed.

15.3 The Trustee shall ensure that all documents required to be submitted by the Issuer in terms of the covenants set out in the Trust Deed are forwarded in a timely manner.

15.4 The Trustees shall in performance of its duties maintain the confidentiality of confidential information received by it (the Trustee may disclose such information to a branch, head office, subsidiary or agent of the Trustee in connection with the Trust Deed and to any government body court and/or to any party in accordance with the law) and shall not use such information for their own personal benefit.

15.5 The Trustee shall exercise reasonable diligence to ascertain whether the Issuer has committed any breach of the terms and conditions of the Debentures or provisions of the Trust Deed or whether an Event of Default has occurred or is continuing to occur, on perusal of the documents submitted in terms of the covenants set out in the Trust Deed. However, the Trustee's role shall be passive prior to the Trustee being notified of any occurrence of an Event of Default and the Trustee shall not have any other duty apart from those expressly stated herein.

16. EXEMPTIONS AND INDEMNIFICATIONS OF TRUSTEE FROM LIABILITY

16.1 The Trustee shall be indemnified by the Issuer for any liability, claim, expense, damage or loss that it may incur in connection with this Trust Deed, provided the liability or loss was not a result of fraud, negligence or willful misconduct of the Trustee. Provided further that none of the provisions of these presents shall in any case in which the Trustee has failed to show the degree of care and diligence required by it, having regard to the provisions of these presents, conferring on the Trustee the powers, authorities or discretions, relieve or indemnify the Trustee against any liabilities which by virtue of any rule of law would otherwise attach to it in respect of any negligence, default, breach of duty or breach of trust of which it may be guilty in relation to its duties under these presents.

16.2 Any terms and conditions of the Debentures and provisions in the Trust Deed or a term of a contract with the Debenture Holders secured by the Trust Deed shall be void in so far as such term or provision would have the effect of exempting the Trustee from liability for:

- (a) the failure to carry out its duties as the Trustee; or
- (b) the failure to exercise the degree of care and diligence required of it as the Trustee; or
- (c) indemnifying the Trustee against that liability, unless the term or provision:
 - (i) enables the release of the Trustee from liability for something done or omitted to be done before the release is given; or
 - (ii) enables a meeting of Debenture holders to approve the release of the Trustee from liability for something done or omitted to be done before the release is given.

Such.....

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FOR BANK OF CAMBODIA
Authorizing Officer

Such release will be effective when approved by Debenture Holders if the Debenture Holders who vote for the resolution represent three fourth (3/4) of the nominal value of the Debentures.

The Trustee is also not liable for anything done or omitted to be done in accordance with a direction given to the Trustee by the Debenture Holders at any meeting duly called.

16.3 The Trustee shall:

- (a) not be responsible in the capacity of a lender or borrower;
- (b) have no obligations to discharge debts owed by the Issuer to Debenture holders;
- (c) not be liable for any losses arising out of circumstances beyond its control;
- (d) be entitled to rely and act on any document/ instrument received from the Issuer unless actual notice of otherwise is given.

17. **APPOINTMENT AND REMOVAL OF THE TRUSTEE**

- (a) Subject to the provisions of this Trust Deed, the power of appointing new Trustees shall be vested with the Issuer, provided that the Issuer shall obtain the consent of Debenture Holders holding not less than fifty per centum (50%) of the nominal value of the Debentures for the time being outstanding or it may obtain approval by an ordinary resolution of the Debenture Holders prior to the appointment of the new Trustee. Notice of such appointment shall be given to the Debenture Holders within thirty (30) days of such appointment by an advertisement published in national newspapers in all three languages (Sinhala, Tamil and English) of the Issuer's choice circulating in Sri Lanka.
- (b) In the event the Issuer does not or cannot exercise its power to appoint a new Trustee and there being no new Trustee appointed as of thirty (30) days before the removal/resignation of the Trustee taking effect in accordance with the terms hereof, the Debenture holders may convene a meeting to appoint a new Trustee by an ordinary resolution.
- (c) Any removal of a Trustee shall be with the consent of an Extraordinary Resolution of the Debenture Holders and the subsequent appointment of a replacement Trustee shall be as mentioned under clause 17(a) above.
- (d) In the event of the Debenture Holders not being satisfied with the Trustee, they have the right to remove the Trustee by way of an Extraordinary Resolution passed at a General Meeting convened under Clause 20 hereof.
- (e) The Issuer shall be notified of any removal of the Trustee and subsequent appointment of a replacement Trustee by the Debenture Holders.
- (f) The Issuer shall take reasonable steps to replace the Trustee as soon as practicable after becoming aware that:
 - (i) The Trustee has ceased to exist;
 - (ii) The Trustee is in a situation of conflict of interests;
 - (iii) The Trustee has ceased to perform its function as a Trustee;
 - (iv) The Trustee is in a situation of unsuitability and does not eliminate such situation within ninety (90) days, after them ascertaining or of them been informed that the Trustee has such situation.

- (g) In the event the Trustee discovers that it is not eligible to be appointed or act as Trustee, the Trustee shall give notice in writing to the Issuer regarding the same.
- (h) Subject to Clause 19.1 below the existing Trustee shall continue to act as a Trustee until a new Trustee is appointed.

18. COMPLIANCE OF MAJORITY OF TRUSTEES

If there be more than one (01) Trustee under these presents the Trustees shall with majority consent exercise all or any of the Trustee's powers and discretions vested in the Trustees generally under any Clause of these presents.

19. RESIGNATION OF TRUSTEE

19.1 In the event of the Trustee, in its sole and absolute discretion, desiring to resign, the Trustee shall give not less than ninety (90) days' notice to the Issuer in writing to that effect, and the Issuer shall thereupon appoint a new Trustee in accordance with Clause 17 of these presents. The Trustee shall continue in its capacity as Trustee until such time a new Trustee is appointed.

19.2 In the event of such a resignation, the Trustee at its cost shall publish a notice to this effect in Newspapers in all three languages (Sinhala, Tamil and English) of its choice circulating in Sri Lanka and such notice shall be deemed to be sufficient notice to the Debenture Holders notwithstanding anything to the contrary herein contained.

20. MEETINGS OF DEBENTURE HOLDERS

- (a) The Trustee shall call a meeting/cause a meeting of Debenture Holders with notice to the Issuer and all Debenture Holders or on a requisition being received in writing signed by the Debenture Holders of at least one tenth (1/10) of the nominal value of the Debentures for the time being outstanding or if requested by the Issuer.
- (b) Not less than twenty one (21) days' notice shall be given of a meeting for the purpose of passing a Resolution.
- (c) The quorum for the meeting (other than adjourned meeting) for the purpose of passing an ordinary resolution shall be the Debenture Holders representing ten per centum (10%) of the nominal value of the Debentures for the time being outstanding, provided however, that the quorum for passing an Extraordinary Resolution should be the Holders of not less than 3/4th in value of the debentures outstanding present in person or by proxy or by attorney.
- (d) If such a quorum cannot be obtained, such meeting shall be adjourned for not less than fourteen (14) days in which event notice of adjourned meeting shall be sent to every Debenture Holder and shall state in such notice that if a quorum as above defined shall not be present at the adjourned meeting the Debenture Holders then present shall form a quorum.
- (e) On a poll, each Debenture Holder will be entitled to one vote for each Debenture held by such person.
- (f) A proxy need not be a holder of the Debentures.
- (g) The Trustee shall be the chair any meeting of the Debenture holders and shall appoint a person or body to act as a Secretary of such meeting and a copy of a resolution certified by the Trustee and such Secretary shall deem to be conclusive evidence that such Resolution has been duly adopted. Provided however, that in the event of the Trustee not exercising the aforesaid entitlement, the Debenture holders may appoint a person to act as the chairman of the meeting.

- (h) In the event the Issuer fails to remedy any breach of terms and conditions of the Debentures or the provisions/covenants of the Trust Deed, the Trustee may:
- (i) call a meeting of the Debenture Holders with notice to the Issuer.
 - (ii) inform the Debenture Holders of the failure at the meeting; and
 - (iii) submit proposals for the protection of the Debenture holders interests or call for proposals from the Debenture holders at the meeting as the Trustee considers necessary or appropriate and obtain suitable directions.

21. MODIFICATION OF THE TRUST DEED

- 21.1 The Trustee and the Issuer may by mutual agreement agree to modify these presents, provided such modifications are of a routine nature. Provided however, that any modification to these presents which are detrimental to the Debenture holders shall only be made with the consent of the Debenture holders of at least three fourth (3/4) of the nominal value of the Debentures for the time being outstanding.
- 21.2 Upon a modification being duly made, the Issuer shall within seven (7) days of the modification being made inform the Debenture holders of such modification.

22. NOTICES

Any notice or demand to the Issuer, Debenture holder(s) or the Trustee required to be given, made or served for any purpose hereof shall be given, made or served by sending the same by prepaid registered post in the case of the Issuer or Trustee and by prepaid ordinary mail in the case of Debenture Holder(s), or by facsimile transmission or by delivering it by hand to the Issuer, Debenture Holders or the Trustee as the case maybe, in the case of the Issuer or the Trustee at the address shown in below in this Deed and in the case of Debenture Holder(s) to the address which appear in the CDS, and any notice sent by post as provided in this Clause shall be deemed to have been given, made or served seventy two (72) hours after dispatch and any notice sent by facsimile transmission as provided in this Clause shall be deemed to have been given, made or served at the time of dispatch and in proving the giving, making or service of the same it shall be sufficient to prove, in the case of a letter, that such letter was properly stamped, addressed and placed in the post and, in the case of a facsimile transmission that such facsimile transmission was duly dispatched and received in the readable and understandable condition.

The Trustee shall at any time be entitled to give notice of any meeting or make any communication to the Debenture Holders by notice published in Newspapers in all three languages (Sinhala, Tamil and English) of its choice circulating in Sri Lanka and such notice will notwithstanding anything to the contrary herein contained be deemed to be sufficient notice to the Debenture Holders including the provisions of the above clause.

The Issuer : SEYLAN BANK PLC
Address : Seylan Towers, 90, Galle Road, Colombo 03 Sri Lanka
Telephone : 011 2456397, 011 2456391, 011, 2456380
Attention : Mrs N N Najumudeen,
Company Secretary

The Trustee : BANK OF CEYLON
Address : Banking Square, No. 1 Bank of Ceylon Mawatha, Colombo 1
Telephone : 011 2204064; 2448348;
Attention : Mr W Y Bandula,
Assistant General Manager, Investment Operations

