CERTIFIED TRUE COPY
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TRUST DEED
FOR

AN INITIAL ISSUE OF FIFTY MILLION (50,000,000) RATED UNSECURED SUBORDINATED REDEEMABLE DEBENTURES OF THE PAR VALUE OF RUPEES ONE HUNDRED (SLR 100/-) EACH BY NATIONAL DEVELOPMENT BANK PLC WITH AN OPTION TO ISSUE UP TO A FURTHER THIRTY MILLION (30,000,000) OF SAID DEBENTURES AND WITH A FURTHER OPTION OF INCREASING THE ISSUE UP TO TWENTY MILLION (20,000,000) OF SAID DEBENTURES IN THE EVENT OF AN OVERSUBSCRIPTION

This Trust Deed is made on this 22nd Day of November Two Thousand and Thirteen

Between

NATIONAL DEVELOPMENT BANK PLC, a Banking Company duly incorporated in Sri Lanka bearing registration number **PQ 27** of **No. 40, Navam Mawatha, Colombo 2** in the Democratic Socialist Republic of Sri Lanka (hereinafter called "**the Bank**" and which term or expression herein used shall where the context so requires or admits mean and include the said **NATIONAL DEVELOPMENT BANK PLC**, its successors and assigns) of the **ONE PART**;

And

BANK OF CEYLON a Banking Corporation duly established under the Bank of Ceylon Ordinance (Cap.397) and having its Head Office at "**BOC Square**", **No 1, 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

- The Bank being duly empowered in that behalf by its Articles of Association has resolved by resolution dated 12th November 2013 of its Board of Directors to raise a sum not exceeding Sri Lanka Rupees Ten Thousand Million (SLR 10,000,000,000/-) by the issue of Rated Unsecured Subordinated 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 Bank has obtained an instrument rating of A+ (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 they may be signed on behalf of the Bank 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 Bank 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" means in respect of Debentures of,

   (a) **RUSRD TYPE A and RUSRD TYPE B** – Five (5) 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,

   (b) **RUSRD TYPE C** – Ten (10) 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,

   (c) **RUSRD TYPE D** – Twelve (12) 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:

   RUSRD TYPE A – Rated Unsecured Subordinated Redeemable Debentures 2013 – 2018 of the par value of Sri Lanka Rupees one hundred (SLR 100/-) each, bearing interest at a fixed rate of thirteen decimal zero per centum (13.00%) per annum payable semiannually on each Interest Payment Date from the Date of Allotment of the Debentures until the date immediately preceding the Date of Redemption.

   RUSRD TYPE B – Rated Unsecured Subordinated Redeemable Debentures 2013 – 2018 of the par value of Sri Lanka Rupees one hundred (SLR 100/-) each, bearing interest at a fixed rate of thirteen decimal four zero per centum (13.40%) 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.

   RUSRD TYPE C – Rated Unsecured Subordinated Redeemable Debentures 2013 – 2023 of the par value of Sri Lanka Rupees one hundred (SLR 100/-) each, bearing interest at a fixed rate of thirteen decimal nine zero per centum (13.90%) 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.

RUSRD TYPE D - Rated Unsecured Subordinated Redeemable Debentures 2013 - 2025 of the par value of Sri Lanka Rupees one hundred (SLR 100/-) each, bearing interest at a fixed rate of fourteen decimal zero per centum (14.00%) 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.

All the Debentures under this Indenture shall rank equal and *pari passu* in all respects except for the Date of Redemption, the Rate of Interest and the frequency at which the interest is paid as set out herein. They shall also be Subordinated to the secured creditors, unsecured creditors and preferential claims against the Bank.

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 Bank 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 (¾) in value of the Debenture Holders voting on such resolution.

11. **"INTEREST PAYMENT DATE"** means in respect of Debentures of,

    (a) **RUSRD TYPE A** - the 30th of June and 31st of December of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption,

    (b) **RUSRD TYPE B, RUSRD TYPE C and RUSRD TYPE D** - the 31st of December of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.

12. **"INTEREST PERIOD"** means in respect of Debentures of,

    (a) **RUSRD TYPE A** - the six 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),

(b) **RUSRD TYPE B, RUSRD TYPE C and RUSRD TYPE D** - the one year 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 delivered to the Registrar of Companies in terms thereof.

16. **"RATE OF INTEREST"** means in respect of Debentures of,

(a) **RUSRD TYPE A** - the rate of thirteen decimal zero per centum (13.00%) per annum,

(b) **RUSRD TYPE B** - the rate of thirteen decimal four zero per centum (13.40%) per annum,

(c) **RUSRD TYPE C** - the rate of thirteen decimal nine zero per centum (13.90%) per annum,

(d) **RUSRD TYPE D** - the rate of fourteen decimal zero per centum (14.00 %) per annum.

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 Bank.

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 **"SLR"** mean the lawful currency of the Republic of Sri Lanka.

22. **"SUBORDINATED"** means the claims of the Debenture Holders shall in the event of a winding up of the Bank, rank after all the claims of secured and other unsecured creditors of the Bank and any preferential claims under any Statutes governing the Bank but in priority to and over the claims and rights of the shareholder/s of the Bank.

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 Bank of Ceylon, a Banking corporation established under the Bank of Ceylon Ordinance (Cap.397) or its successors and 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 Bank 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.

(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.