

## SECURITY DEPOSIT AGREEMENT

This Security Deposit Agreement (this "Agreement") is made and entered into on this Twelfth (12<sup>th</sup>) day of May Two Thousand and Fifteen by and between:

**COMMERCIAL CREDIT AND FINANCE PLC**, a Company duly incorporated in Sri Lanka bearing registration number PB 269 of No. 106, Yatinuwara Veediya, Kandy 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 COMMERCIAL CREDIT AND FINANCE PLC, its successors and assigns) of the **FIRST 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 **SECOND PART**;

(the Company and the Trustee shall hereinafter be individually referred to as "Party" and collectively referred to as the "Parties")

### WHEREAS

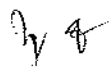
- A. The Company being duly empowered in that behalf by its Articles of Association has resolved by resolution dated 30<sup>th</sup> March 2015 of its Board of Directors to raise a sum of upto Sri Lankan Rupees One Thousand Million (SLR 1,000,000,000/-) by the issue of Rated Subordinated Guaranteed Redeemable Debentures for that amount, having a tenure and bearing interest at the rate mentioned in the Trust Deed and to be listed on the Colombo Stock Exchange; and
- B. The Company and the Trustee have entered into Trust Deed dated 11<sup>th</sup> May 2015 in compliance with the provisions of the Listing Rules of the Colombo Stock Exchange in terms of which the Trustee has agreed to accept the office of the Trustee and act under the provisions of the Trust Deed for the benefit of the Debenture Holders; and
- C. The Company has by way of Board Resolution dated 30<sup>th</sup> March 2015 resolved to maintain an account in favour of the Trustee for the purposes of securing the interest payments on the Debentures; and
- D. The Parties are now desirous of recording in writing the terms and conditions relating to the aforesaid arrangements between the Parties.

**IT IS HEREBY AGREED BY THE PARTIES AS FOLLOWS;**

### 1. DEFINITIONS

1.1 The following defined terms shall have the meanings ascribed to them below:

- a) "Date of Allotment" shall have the same meaning ascribed to it in the Trust Deed
- b) "Debentures" shall mean Rated Subordinated Guaranteed Redeemable Debentures (Guaranteed by Hatton National Bank PLC) as constituted by the Trust Deed
- c) "Debenture Holders" shall mean the holders of the Debentures in whose CDS accounts the Debentures are lodged at the relevant date as set out in the Trust Deed
- d) "Minimum Balance" shall mean a sum equivalent to Rupees Fifty Two Million Five Hundred Thousand (Rs. 52, 500,000/-)
- e) "Permitted Investments" means the investment of any Trust Property in any fixed income securities issued by the Government of Sri Lanka or any deposits or commercial paper issued by a corporate in Sri Lanka with a rating of not less than A-



- f) "Surplus Sums" means any amount in the Security Deposit which is in excess of the Minimum Balance.
- g) "Security Deposit" shall mean the monies lying in the account bearing account number 77451423 opened in the name of the Company and held with the Bank of Ceylon, Corporate Branch.
- h) "Trust Deed" shall mean the Trust Deed dated 11<sup>th</sup> May 2015 entered into by and between the Company and the Trustee
- i) "Working day" means any day (other than a Saturday or Sunday or statutory holiday) on which licensed commercial banks are open for business Sri Lanka

1.2 Unless the context otherwise requires or admits, all defined terms in the Trust Deed shall have the same meanings herein

## 2. ESTABLISHMENT OF THE SECURITY DEPOSIT ACCOUNT

- 2.1 On or before the Date of Allotment, a Security Deposit shall be opened with the Trustee at the Bank of Ceylon, Corporate Branch, which shall be maintained in the name of the Company for the benefit of Debenture Holders
- 2.2 The Company hereby appoints the Trustee as the sole signatory in respect of the Security Deposit and the Trustee hereby undertakes that it shall at all times, operate and manage the monies in the Security Deposit Account in accordance with the terms set out in this Agreement
- 2.3 No amount deposited in the Security Deposit shall be withdrawn by the Company nor shall the Trustee allow any withdrawal of any such amount by the Company notwithstanding anything to the contrary in the account opening instruction or the terms and conditions governing the regulation, operation and maintenance of the Security Deposit
- 2.4 Except as expressly stated herein, each of the Company and the Trustee hereby irrevocably and unconditionally agree, undertake and declare that it has no beneficial interest in the sum deposited in the Security Deposit and it is not entitled nor shall it attempt to create, any lien, set off, encumbrance or any other security interest whatsoever on or with respect to the amounts deposited in the Security Deposit or in the outstanding balance amounts available in any Security Deposit at any time
- 2.5 Any interest earned on the Security Deposit shall belong to the Company and the Trustee will not have any lien over the same. Such amount of interest will be paid to the Company on a periodic basis.
- 2.6 Upon the due fulfillment of all the Company's obligations under the Trust Deed and the termination of this Agreement the Trustee shall transfer all monies in the Security Deposit to the Company

## 3. OPERATION AND MAINTENANCE OF THE SECURITY DEPOSIT ACCOUNT

- 3.1 On or before the Date of Allotment the Company shall remit into the Security Deposit a sum of not less than the Minimum Balance
- 3.2 The Company shall ensure that at any given time the Minimum Balance shall be maintained at the Security Deposit
- 3.3 Provided that no Event of Default has occurred, the Trustee is hereby authorized to:
  - i. Invest the sums in the Security Deposit in Permitted Investments on instructions that the Company may issue in that regard from time to time; and/or
  - ii. Release Surplus Sums in the Security Deposit to the Company
- 3.4 The Trustee and the Company declare and acknowledge that it shall not create nor shall it claim any lien, right of set off, cross claim adjustment or any right whatsoever on or with respect to the amounts credited in the Security Deposit

#### 4. DEBITING THE SECURITY DEPOSIT

- 4.1 In the event of the Company communicating to the Trustee that it would be unable to pay the interest for the Debentures the Trustee shall be entitled to debit the amounts payable by the Company as interest payments which are due to Debenture Holders from the Security Deposit
- 4.2 The Trustee shall within a reasonable period of time issue a written notice to the Company, requesting the Company to replenish within Five (05) Working Days from the occurrence of the event in Clause 4.1 above, the Security Deposit with a sum of money equivalent to the amount debited by the Trustee as specified in the said notice.

#### 5. INDEMNITY

- 5.1 The Company shall indemnify and hold harmless the Trustee from and against any and all claims, demands and suits and other proceedings made or instituted by any person against the Trustee for or in connection with the gross negligence or willful misconduct of such party with respect to the services detailed herein or on account of any breach of its obligations herein.
- 5.2 In no circumstances shall the Trustee be bound by the provisions of any other agreement between Company and the Trustee in connection with the Security Deposit, save and except the Trust Deed and these presents.
- 5.3 Notwithstanding any provision of these presents to the contrary, any party hereto shall be free from any and all responsibility to the other parties for any loss or damage of funds deposited with it due to any future changes in government policy, orders, decrees, regulations, political disputes, laws, tax, embargos, moratorium, exchange restrictions, expropriations, war, hostilities, natural calamities or any cause beyond the control of such party.

#### 6. UNDERTAKINGS, REPRESENTATIONS AND WARRANTIES

- 6.1 The Trustee represents and warrants as follows:
- (i) these presents have been duly executed and delivered on behalf of the Trustee, and the Trustee has all requisite power and authority to execute and to deliver these presents, and it is the legal, valid and binding obligations of the Trustee enforceable against the Trustee in accordance with its terms.
  - (ii) it has power to open, maintain and operate the Security Deposit and has taken all necessary action required to authorise the opening of and maintaining the Security Deposit upon the terms referred to herein and for the execution and delivery of such documents which are considered necessary.
- 6.2 The Company represents and warrants as follows:
- (i) it has power to open the Security Deposit in trust for the benefit of the Debenture Holders and has taken all necessary action required to authorise the opening of and maintaining the Security Deposit upon the terms referred to herein and for the execution and delivery of such documents which are considered necessary by the Trustee.
  - (ii) it has the power to deposit such sums from time to time as may be required by these presents or directed by the Trustee in the Security Deposit and has taken all necessary action required to authorise the deposit of such amounts upon the terms referred to herein and for the execution and delivery of such documents which are considered necessary by the Trustee.
  - (iii) these presents have been duly executed and delivered on behalf of the Company and the Company has all requisite power and authority to execute and to deliver these presents, and it is the legal, valid and binding obligations of the Company enforceable against the Company in accordance with its respective terms.

## 7. TERM AND TERMINATION

7.1 This Agreement shall remain in force from the date of execution until the discharge of all obligations of the Company under the Trust Deed.

7.2 Unless terminated in accordance with 7.1 above, neither Party shall be entitled to terminate this Agreement

## 8. WAIVER

Any waiver of a breach of any of the terms of these presents or of any default hereunder shall not be deemed to be a waiver of any subsequent breach or default and shall in no way affect the other terms of these presents.

## 9. SEVERABILITY OF PROVISIONS

If any provision of these presents or any part thereof is held to be illegal, invalid or unenforceable, its other provisions and the remainder of the unaffected provision shall remain unaffected.

## 10. NOTICES

All notices or communications required to be given by a Party to any other Party by virtue of these presents shall be in writing to that other Party/ies at its / their respective addresses as follows:

### To the Company:

Attn: Mr. Janaka Deshapriya- Chief Financial Officer  
Address: Commercial Credit and Finance PLC, No.45, Dharmapala Mawatha, Colombo 07  
Fax: 0112327882  
Telephone: 0112000000

### To the Trustee

Attn: Mr. W. Y. Bandula- AGM - Investment Operations  
Address: Investment Banking Division, 23rd Floor, BOC Head Office, Colombo 1  
Fax: 2346842  
Telephone: 2204064

## 11. ASSIGNMENT

All the rights and benefits under these presents shall enure for each of the parties and their respective successors but the Company shall not be entitled to transfer or assign any of its obligations hereunder to any third party without the consent of the Trustee.

## 12. FURTHER ASSURANCE

The Company agrees at its own expense and forthwith on request by the Trustee to execute and deliver to the Trustee, as the case may be, all such further and other instruments and to take all such actions as the Trustee may, from time to time request, in order to give full effect to the purposes of these presents. Any expenses incurred in respect of such other or further instruments shall be borne and paid by the Company.

## 13. CONFIDENTIALITY -

The Trustee may disclose such information relating to the subject matter of this Agreement, including the Security Deposit Account, (i) to its attorneys and auditors to the extent they have a *bona fide* need for such information, (ii) to regulatory authorities charged with the supervision and examination of the Trustee, (iii) to any potential successor of the Trustee or any potential assignee of all or a portion of the Trustee's rights under this Agreement so long as such potential successor Trustee or any potential assignee covenants in writing to uphold this confidentiality provision, (iv) that was in the public domain

at the time of the Trustee's disclosure, (v) that subsequently comes into the public domain through no fault of the Trustee, (vi) that is disclosed to the Trustee by a third party who is under no obligation to any other party to keep such information confidential, (vii) to enable it to comply with any Sri Lankan law, or an order or request of a court of law or any authority, (viii) in connection with the defence of any litigation or transactions to the extent necessary, (ix) to other parties hereto, (x) to its subsidiaries and affiliates and any other service providers related to the operation and maintenance of the Security Deposit in connection with the performance of its obligations under this Agreement.

#### **14. GOVERNING LAW AND DISPUTE RESOLUTION**

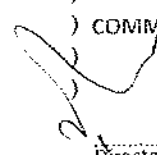
14.1 The provisions of these presents shall be governed by and construed and enforced in all respects in accordance with the laws of Sri Lanka.

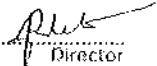
14.2 All disputes or claims arising or in connection with these presents shall be instituted in the Courts of Sri Lanka

*[Execution Page to Follow]*

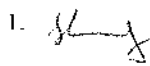
IN WITNESS WHEREOF, the Parties have caused this Security Deposit Agreement and one other of the same tenor to be executed on the date and year written first hereinabove


The Common Seal of **COMMERCIAL CREDIT AND FINANCE PLC** was affixed hereto in the presence of  
ROSHAN SANJAYA EGODAGE (Director)  
and GEYA RASI EGODAGE (Director/Company Secretary)  
who do hereby attest the sealing thereof

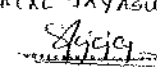
)  
)  
) **COMMERCIAL CREDIT AND FINANCE PLC**  
PB 269 PQ  
  
.....  
Director

  
.....  
Director


**Witnesses**


1.  J.S.M. Fernandez 882771296V  
9/7, First Lane, Henna Rd, Mt Lavinia

2.  M.A.D.S. Dissanayake 670690922V  
26/PA Shanthipura, Thalawattegoda

Signed for and on behalf of **BANK OF CEYLON** by its duly ) **FOR BANK OF CEYLON**  
SUBASIRI MUDIYANSelage SARATH CHANDRICAL JAYASURIYA  
Authorised Signatories ..... and )  
  
WEDGE YARAL BANDULA )  
.....  
Authorised Signatories

**Witnesses**

1. P.C.K. Hewage.   
845800564V

2. M.T.W. Mervin Singh   
831200499V  
31 Gallegedera  
Dewulapola